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Canada's Export Market Report on the

# United Kingdom



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# Canada's Export Market Report on the United Kingdom



JULY 1984

## HOW TO USE THIS MARKET REPORT

CANADA'S EXPORT MARKET REPORT ON THE UNITED KINGDOM has as its principal objective the provision of relevant, timely and accurate information to Canadian businessmen in order that they can formulate whatever export marketing strategy, and/or plan of action for the U.K. market, which is appropriate for their corporate objectives. This approach to the U.K. market arises from readership survey results of the former *Canada's Export Development Plan* documents and replaces that series of country reports.

This export market report provides information on *Market Opportunities by Sector*, as well as advice to companies on areas to consider in the development of their own U.K. export marketing program. An *Overview of the U.K. Market* provides background information on Canada's commercial and economic relations with the U.K., current patterns of trade, and information on trade promotion and services. For those readers wishing a capsule overview of this report, a *Summary of Market Opportunities* is also included.

Readers will be aware of the variety of services and assistance which are available to them from the Posts in London and Glasgow, through the various departments of the federal government, as well as through provincial ministries of industry and trade, trade associations and the international centres of Canada's major commercial banks.

Should the market opportunities section provide encouragement to your company, whether you are a new exporter to the U.K. or one considering expansion there, you are urged to take advantage of these services. Readers may wish to refer to *Export Roadmap*, a publication of the Canadian Export Association (available from the DRIE regional offices), which clarifies for exporters the points of contact in the various federal government departments and agencies responsible for export promotion.



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# I. SUMMARY OF MARKET OPPORTUNITIES

## Objective

Canada's Export Market Report to the United Kingdom is intended to assist the Canadian business community to expand its economic relations with the United Kingdom (U.K.), in terms of exports of both goods and services.

This document is a part of the federal government's policy and programs to help Canadian exporters better focus in on Canada's export market opportunities.

## Introduction

The British market is Canada's third largest foreign market and our second largest for manufactured goods. In 1983, the U.K. purchased some \$2.5 billion of Canadian products, representing almost 40 per cent of our sales to the whole EEC (European Economic Community) market.

The U.K. continues to hold long-term promise for the Canadian exporter. In common with the rest of the industrialized world, the U.K. has, in recent years, experienced high unemployment, declines in productivity and price competitiveness, plant closures and plant under-utilization, declines in service industry activity, falling exports of manufactured goods and a lack of investment in new plant. There are, however, positive signs that the recovery, already well underway, will be sustained in the U.K., with encouraging prospects for Canadian products over the next two to three years.

This market report contains an optimistic view of the U.K. market and its importance to Canada. Not only is it a very large market, but the distribution of Canadian goods and services which it absorbs includes an impressive proportion of fully finished goods, which in turn enhances its value to all regions of Canada.

## Canadian Trade Development Efforts to Date

Despite Britain's economic problems, and the loss of Canada's status as a preferred supplier because of Britain's accession to the EEC, we have continued to do well in the U.K. market.

In 1980, when the pound/dollar exchange rate was 2.72/1, Canada's exports were \$3.2 billion. In 1981, when the ratio was 2.41/1, Canadian exports reached a peak of \$3.3 billion. The year 1982 saw a ratio of 2.15/1 and a decline of about 12 per cent in Canadian exports to \$2.7 billion. In 1983, when the exchange ratio was 1.87/1, exports declined again to \$2.5 billion.

Even with depressed levels of demand, Canada has continued to do well in manufactured goods of all types, particularly high technology products. Approximately 14 per cent of all Canadian exports to the U.K. are now fully manufactured goods.

Opportunities for Canadian suppliers still remain very good, provided that exporters devote the necessary effort to the development of the market.

## Future Market Opportunities

With the benefit of past successes, efforts have intensified in identifying other sectors which promise potential for future market expansion or development. There are a great many areas in which Canadian suppliers of goods and services may expect to do well. These include high technology products, in particular computers and associated equipment and services, and telecommunications, including all types of telephone line and exchange attachments and apparatus. Defence procurement is a special category that offers excellent opportunities, especially to companies that can supply highly sophisticated electronics and aerospace components and systems.

Opportunities exist in the general building products area for softwood and hardwood lumber, waferboard, softwood plywood, manufactured wood products and furniture. The U.K. is a most important market for Canadian suppliers of pulp and paper products. Strenuous efforts are being directed toward maintaining our share of the market, particularly for newsprint.

The metals and minerals sector will continue to offer potential for the traditional primary and semi-fabricated products in the non-ferrous sectors, as the economy recovers and prices improve with rising demand. This large and important market for the products of the Canadian mining industry will continue to receive vigorous, dedicated support in Canada and London.

In the secondary manufacturing area, opportunities exist for automotive parts, particularly in the after-market; for printing, packaging, labelling and plastics processing equipment; for certain service industry equipment, particularly in the catering and retail distribution areas; and for equipment and services for the oil and gas industry. In the consumer products area, opportunities exist for leisure products such as sporting goods, sports clothing, footwear, certain giftware, fashion items and textiles.

The agricultural, fish and food products sector is also promising for some types of forage seeds, pulses, livestock, semen and embryos, high quality beef, canned and frozen fish products, frozen corn, fresh apples and some processed foods.

It is anticipated that the U.K. will continue to be the largest overseas source of tourists to Canada. The market is extremely competitive and requires imaginative promotion.

Investment of British origin has contributed in important ways to Canada's development in every major sphere of industrial activity. Contacts between companies interested in licensing agreements or joint venture manufacturing opportunities, either in Canada or the U.K., are facilitated by both federal and provincial offices in Canada and through their respective offices in London. In addition, Britain is a

leading source of portfolio investment in Canada, which provinces and public utilities use as a source of funds.

London has long been a focus of international finance and trading with areas of the world where Britain has traditional ties. Using the London trade infrastructure which still exists, the Canadian High Commission, in conjunction with other Canadian companies and financial institutions, gathers intelligence on upcoming or ongoing projects. London-based decision-makers responsible for project development in such markets as Saudi Arabia, Kuwait and other Gulf states, Egypt, Nigeria, India, Hong Kong, China, Singapore and Malaysia are encouraged to consider equipment and services from Canada.



## II. MARKET OPPORTUNITIES BY SECTOR

### A. PRIORITY SECTOR IDENTIFICATION

The analysis of the U.K. market has resulted in the identification of a number of priority sectors where requirements match Canadian expertise and capabilities. Marketing efforts in those priority sectors should produce increased sales of Canadian products.

Each chapter of this report focuses on a different portion of the U.K. market as follows: Resource Products; Manufactured Products; Agriculture, Fish and Food Products; Third Country Marketing Capital Projects; Tourism. An overview of opportunities is provided at the beginning of the first three; the latter two are in effect overviews in themselves. Specific sectoral opportunities are outlined in each of the first three chapters.

The sectors included in this market report are not, of course, the only areas of opportunity for Canadian exports to the U.K. As in the past, many of Canada's established exports will continue to flourish with minimal direct government trade promotion or assistance. This is particularly true with regard to the export of Canadian metals and minerals in the raw and semi-processed state, and with Canadian newsprint. The public sector has a particular role to play in the promotion and maintenance of a more stable and open international trading environment in which both Canadian and foreign firms are encouraged to plan, invest and grow with confidence.

As noted in this export market report, the affluent and diverse British market holds the potential for improved Canadian sales in many other product areas not highlighted specifically in this report. Canadian companies are encouraged to conduct market research on their own and to seek the advice of the

Department of External Affairs, of Canadian trade representatives in the U.K., and those in the Department of Regional Industrial Expansion (DRIE) regional offices or in provincial trade offices about specific sectoral opportunities.

### B. OVERVIEW: CANADIAN RESOURCE EXPORTS TO THE UNITED KINGDOM

In terms of value, resource products have traditionally occupied a dominant position in Canadian exports to the United Kingdom. It is expected, moreover, that such products will remain among the leading Canadian export items to the U.K. in the foreseeable future.

Patterns of Canada-U.K. trade in these materials are well established as a result of Canadian producer/exporter relationships with U.K. consumers, traders and merchants built up over many years.

Prices are in general subject to free market influence, and all of the materials are in plentiful supply from many sources around the world. In important instances, prices are determined in international commodity exchange trading, for example, at the London Metal Exchange and at its counterpart, COMEX, in New York. Trading at these exchanges takes place with confidence since the materials traded conform or relate specifically to internationally agreed standards of quality. (*See Appendix E for more details on Canada's minerals and non-ferrous metals exports.*)

Canadian trade policy objectives encouraging the export of further processed (higher value-added) resource-based products require that Canadian trade representatives work with private interests to identify new areas of opportunity. For example, efforts are being undertaken to expand markets for processed or fabricated metal and mineral products where

**Table 1**  
**Canadian Resource Exports to the United Kingdom, 1981-1983**

	(\$000)		
	1981	1982	1983
Newsprint	351,716	350,291	274,115
Lumber and wood products	256,380	233,727	257,618
Iron ore	191,747	160,445	225,525
Pulp	176,113	144,339	115,313
Copper and brass	158,786	136,110	96,722
Lead and zinc	71,903	86,844	46,744
Nickel	170,637	53,075	116,718
Platinum metals (ores and scrap)	111,327	55,887	58,601
Other papers	65,225	45,840	45,508
Iron, steel and alloys	11,858	33,129	6,612
Asbestos	29,960	27,735	25,582
Aluminum	7,340	6,539	5,916
Non-metallic minerals	7,077	3,673	246
<b>TOTAL</b>	<b>1,610,069</b>	<b>1,327,634</b>	<b>1,275,220</b>
Per cent of Total Canadian Exports to U.K.	48.9%	49.8%	52.1%

Source: Statistics Canada



Canadian producers are competitive. The increasing competition for a share in the primary metals and minerals market from other countries requires continuing efforts to protect Canadian interests in the U.K.

In the case of other products like newsprint, long-term contracts dominate.

Canadian producers face a number of problems in seeking to expand sales of pulp and paper products (particularly for newsprint and pulp) which may require more aggressive marketing efforts by industry through ongoing contacts with marketing agents, producer/consumer associations and government agencies in the U.K. Markets for pulp and paper are expected to grow slowly, and competition will likely intensify from new productive capacity in the U.K. and from other producers, following devaluation of the Finnish and Swedish currencies, and the removal of tariffs under the industrial products agreement between the EC and EFTA.

The statistics in Table 1 (page 7) indicate a decline in the value of Canadian exports of almost every item on the list in the 1981–82 period. Declines continued in 1983. Analyses show that this is due to several influences acting both singly and in combination in the market place during the period, for example:

- effects of the recession;
- substitution of new and indigenously produced materials for traditionally imported ones, e.g. fibre optics and aluminium as substitutes for copper and U.K.-produced newsprint for imported newsprint;
- technological advances in the use of materials resulting in requirements for smaller amounts for a given purpose, e.g., lead acid batteries, which require significantly less lead for a given capacity of battery;
- decline in many commodity prices;
- pressures of environmentalists on certain materials, e.g., lead (in gasoline) and asbestos (generally);
- exchange rate fixings which confer price advantages to specific countries, e.g., Scandinavian currency devaluation in early 1983 giving price advantages to timber of Scandinavian origin.

With economic recovery in progress in the U.K., an aggregate increase in resource-based materials usage may be expected. This should, in turn, result in a commensurate increase in demand for such materials and market opportunities for Canadian producers/suppliers.

## **1. FORESTRY PRODUCTS**

### **1.1 Manufactured Wood Products**

#### **Opportunity**

The value of the British manufactured wood products market in 1983 was in the range of £1,000 million, including imports of some £88 million or 8.8 per cent of the total market. Of this £88 million, wood door, window and flooring imports totalled £53 million or 60 per cent of total imports.

Shipments of Canadian wood doors to the United Kingdom amounted to 148,000 units valued at £1.8 million. It should be possible to significantly increase this figure. In addition, a relatively small but growing market exists for imported prefabricated homes, sheds and other building components.

In the U.K. the distribution pattern is such that joinery manufacturers usually sell to the larger home builders and contractors, although some also sell at the retail level to the general public. The major builders' merchants, supplying all kinds of building products to the smaller building contractors, offer joinery products, and often credit to good customers.

The individual home handyman and the new home-improvement companies mainly purchase from merchants of timber or general building suppliers offering joinery products. One of the leading joinery companies actually operates over 240 depots throughout the U.K. on a cash-and-carry basis.

Canadian doors are presently being marketed through distributors generally classified as merchants of timber or general building suppliers. Hardwood flooring is sold by agents to importers who often operate specialized flooring departments, or to hardwood flooring specialists who not only provide the material but also install it.

Strip and block hardwood flooring is generally confined to commercial use. The residential market for these products has declined over the past decade. Most hardwood flooring in the residential market is in the form of finger mosaic tiles (squares) laminated to a waterproof (felt) packing which is not standard in Canada.

Market opportunities in the U.K. are regarded as reasonably good in a number of select product categories, primarily related to the millwork sector. The timber frame method of house construction has been gaining rapid market acceptance in the U.K., a trend which is expected to continue and will likely result in opportunities for expanded sales of Canadian millwork and other manufactured wood products.

#### **Recent Canadian Marketing Activity**

The potential for major increased Canadian exports in this sector is directed at the high volume product items such as finished doors/windows and component parts, other millwork products, including hardwood flooring and kitchen cabinets, as well as luxury designed prefabricated homes. In view of the very sophisticated British prefabricated housing industry, imports of homes are expected to remain on a one-



off basis, except perhaps in the luxury and/or leisure cabin area. Two Ontario-based prefabricated house manufacturers have successfully sold units in the up-market housing sector.

Several Canadian manufacturers have been successful in entering the U.K. market and are supplying major U.K. kitchen cabinet manufacturers with solid wood doors.

Increased promotional activity has led to new Canadian exporters to Britain from both the east and the west coast. Canadian success stories are generally on a small scale, reflecting the small average size of companies in the sector. For example, five companies from four different provinces have been successful in exporting doors, windows and other converted wood products to the U.K.

An incoming buyers' mission to Canada took place in March 1983 to interest major U.K. timber frame builders in higher standard Canadian wood windows. Although the products were well received, the higher valued Canadian dollar has generally made these products less price competitive.

### **Market Considerations**

Major impediments for Canada in continuing the present upward trend in exporting manufactured wood and component parts to British will be the exchange rate factor and an average tariff rate of some 6 per cent. EC member states and Nordic countries have duty-free access.

The recent elimination of the 7 per cent duty on products from the Nordic countries will have some impact. Canadian reputation for quality, design, energy efficiency, reliability of supply and cost competitiveness are, however, seen as positive factors in maintaining market penetration.

British codes and standards are published by the British Standards Institute. Goods not complying with those standards may be refused. While it may be possible to use imported wood windows that do not entirely meet British Standards, most builders would be reluctant to do so without independent testing.

The building regulations are mandatory and are set up by the Ministry of the Environment. Municipal authorities' inspectors are responsible within their own area to see that requirements of the building regulations are properly interpreted and observed.

## **1.2 Lumber and Exterior Panel Products Opportunity**

The United Kingdom sawmilling industry accounts for about 10 to 15 per cent of sawn softwood consumption, with imports of approximately £600 million accounting for the remaining 85 to 90 per cent of total demand. For 1982, Canada recorded almost 24 per cent of total United Kingdom imports (estimated at £144 million).

The recent increase in timber frame construction (TFC) in the United Kingdom opens up a major

opportunity for increased exports of Canadian dressed lumber (CLS).

Timber frame homes represent approximately 24 per cent of new housing construction in the U.K., although the figure for Scotland is higher (approximately 50 per cent). It is generally acknowledged that TFC can increase its share of the future housing market. The total number of housing starts in the U.K. in 1983 amounted to 213,500.

Many of the leading U.K. home builders (Barratt's, Geo. Wimpey, Laing, Wates) have adopted timber frame as their building method, and it may vary from 60 to 85 per cent of their individual businesses. The component producers are in turn best placed to gain most of the advantages offered by the wood frame system.

The United Kingdom market for softwood plywood is about £200 million. As domestic production is negligible, imports account for close to 100 per cent of total demand. For 1982, Canada accounted for some 20 per cent (in value terms) of total demand. The production of Canadian softwood plywood is concentrated in British Columbia, which in 1981 supplied over 50 per cent of total Canadian plywood exports to the European Community.

### **Recent Canadian Marketing Activity**

The functioning of the Canada-U.K. timber trade has been built up over the past 100 years or so, and Canadian shippers sell through established U.K. agents who arrange contracts with importers to bring in bulk quantities according to their requirements.

The importer will break bulk and sell to the timber merchants who, in turn, deal with smaller customers. The large consumer, i.e., national joinery operations (Magnet Southernns, Boulton and Paul), and to some extent, major builders with long-established accounts will purchase in volume directly from the importers.

Canadian lumber exporters, especially those from British Columbia, have had a presence in the U.K. for 30 years. This presence has become more prominent with the establishment of sales offices by MacMillan Bloedel, Northwood Mills and Seaboard. Recently, these three companies have initiated a program of placing in inventory, in the U.K., unsold stocks of Canadian timber which are then sold directly to U.K. importers.

The Council of Forest Industries of British Columbia (COFI), with offices in London, has been a prime vehicle in promoting Canadian tfc and forest products in the United Kingdom and continental European markets. Canadian building methods, product specifications and applications have also been promoted through the Cooperative Overseas Market Development Program.

In 1982, the following lumber and exterior panel products missions to the U.K. were organized: (i) Eastern Canadian Lumber Mission; (ii) Canadian Hardwood Mission; (iii) COFI/Interior B.C. Lumber Mission. Also in 1982, meetings with U.K. clients

were held in conjunction with the Alberta Lumber Mission and the B.C. Shake and Shingle Mission in which mission members made presentations on industry capabilities, technical specifications and related trade matters.

Generally speaking, it takes considerable time for contacts developed during missions to develop into firm orders, and it is consequently necessary for individual follow-up contacts to be continued.

A British Columbia producer who has recently entered the British market to take advantage of a growing export potential is exporting softwood lumber through a British timber agent. This is the first B.C. company to ship timber graded to U.K. standards.

During May 1982 a lumber mission to Europe, funded by the Alberta government, visited London and conducted a well-attended seminar held at the Canadian High Commission. The end result of this seminar and follow-up publicity generated a strong favourable response from the British timber trade.

During the past two to three years, a number of Québec sawn softwood producers have entered the United Kingdom market. Other firms have recently been given federal/provincial assistance, and are expected to improve their export sales as a result.

Major Canadian firms exporting softwood plywood to Britain are Northwood, Seaboard and Balfour Guthrie.

The Council of Forest Industries of British Columbia also remains a major force in promoting the sale and application of softwood plywood in the United Kingdom.

### **Market Considerations**

It is essential that sawn softwood mills exporting to Britain have a good understanding of the evolving highly structured distribution set-up of the trade if export success is to be ensured. The internationally knowledgeable and sophisticated British timber trade is attracted to long-term dependable suppliers of sawn softwood.

A few eastern Canadian producers have traditionally exported softwood lumber to the U.K., but the U.K. trade has recently expressed concerns about the difficulties encountered in obtaining vessel space for that lumber, at competitive rates. A shipping consortium could enable the establishment of concentration yards at the major eastern Canadian ports and lead to the use of bulk carriers to the U.K. ports which have appropriate terminal facilities for timber.

Rough lumber accounts for the major volume of United Kingdom imports and enters duty free. The present 4 per cent tariff on Canadian dressed lumber could be a restraining factor on Canadian exports bearing in mind that EFTA countries, including Sweden and Finland, obtained duty-free access in 1984.

For the short term, the present decreasing value of the pound sterling in relation to the Canadian dollar,

coupled with the recent devaluation of the Swedish krona and the Finnish mark could have a marked negative affect on the competitiveness of Canadian lumber exports to Britain.

### **C. OVERVIEW: MANUFACTURED PRODUCTS / HIGH TECHNOLOGY OPPORTUNITIES IN THE UNITED KINGDOM**

Following a period of difficulties for much of British manufacturing was the realization that industry must modernize production if it wishes to remain viable by world standards. British manufacturers are being forced to meet world production efficiency standards and will have to lead in the introduction of many new technologies if they are to prosper in the 1990s. Structural changes will be required throughout U.K. industry and more rapid introduction of advanced production techniques is necessary. The result will be a rapid increase in import demand for specialized equipment and innovative production techniques and systems.

Many segments of the British market remain open to foreign supply. In 1983, Britain imported just over \$50 billion of fully manufactured end products. The fact that Canada had but a 0.8 per cent share of this market must be viewed as a striking opportunity for future growth, provided efforts are focused and aimed at specific high potential areas.

Britain is Canada's second largest export market for manufactured end products. Sales in 1983 totalled some \$334 million, 13.6 per cent of our total exports to the U.K. and a significant increase in relative importance over the 10.5 per cent which manufactured products represented in 1980.

Canadian manufactured products, however, face a difficult market environment in the U.K. There has been an overall contraction in markets brought on by the recession. Particularly in manufactured products, market pressures outside the U.K. have caused British firms to focus more aggressively on their own domestic market. Equally, foreign firms compensating for loss of volume in their home markets have attacked new opportunities in Britain. Growing business interrelationships within the EEC have made it more difficult to gain the attention of British buyers. Significant exchange rate shifts against the Canadian dollar have also made the British market less accessible for Canadian exporters, particularly in the highly price-sensitive consumer market.

The following manufactured product segments offer promising potential for future market expansion or development: materials handling equipment, notably bulk storage and handling and automated warehousing equipment and systems; ship repairing and marine equipment, particularly as it relates to off-shore activity; other specialized oil and gas-related machinery and equipment for exploration, development, production and environmental protection, specifically industrial waste disposal and environmental monitoring equipment; chemicals and chemical prod-



ucts for specialized industrial or innovative consumer applications; medical equipment and supplies, particularly electro-medical equipment and instrumentation; consumer electric and electronic products, particularly attractively designed counter-top kitchen appliances; specialized agricultural machinery; wooden furniture; furs, leather goods and fashion-conscious leisure clothing and accessories; other leisure products; selected textile items, notably carpets; innovative and attractively merchandised giftware and jewellery.

In certain areas where advanced North American products have gained ready acceptance, the British market has matured. Not only is the market more demanding in terms of product characteristics but U.K. manufacturers have responded to meet the demand. Britain is well known for its highly developed manufacturing base and is seen aggressively marketing its equipment around the world.

The British government is planning to spend \$130 million annually to support such developments as robotics, fibre optics, computer-aided design and office automation. This provides an excellent opportunity for Canadian high technology companies in the telecommunications, computer and automation fields to launch themselves into the U.K. market.

Two industries that offer particular promise for the application of modern electronic technology are defence, and oil and gas.

In 1982, Canadian defence exports to the U.K. were \$33.6 million and imports were \$20 million. The products involved represent an important market for the small number of companies making up the Canadian industrial base, and serve to keep Canadian industry competitive.

Except for a few major project procurements, the majority of the Canada-U.K. defence trade is in a wide variety of items which benefit a large number of small and medium-sized Canadian companies.

Although Britain remains NATO's second largest defence spender, with an annual budget currently in excess of \$30 billion, the U.K. defence program has undergone a major reassessment. It will have less dependence on costly aircraft and surface ships, and will introduce more technologically advanced electronics-based systems to improve defence capabilities. Such a change presents opportunities for Canadian defence and related high technology electronics and aerospace industries since the majority of Canadian defence exports comprises equipment of a military support nature: electrical and electronics equipment, communications equipment, aerospace and various parts, components and sub-assemblies.

It is recognized, however, that Britain has a large defence industry and tends to restrict defence imports to world-standard, highly sophisticated equipment not available from U.K. sources. A Canadian company with such equipment faces a fairly straightforward, but demanding, marketing task.

The normal practice for companies wishing to establish themselves as suppliers is to convince the U.K. Ministry of Defence (approximately 44 per cent of whose budget is spent on equipment procurement) that their equipment represents the technical "state of the art."

When it is determined that the particular requirement could meet a future requirement, the names of probable prime bidders for the project usually become apparent. The Canadian company must then convince one or more of the U.K. "prime" bidders that it would be mutually beneficial to collaborate on the project bid.

The oil and gas industry is one of the buoyant sectors in the U.K. economy. Unlike the telecommunications and defence industries, the oil and gas industry is dominated by the private sector and access to the market is fairly open.

Several Canadian companies are selling into this market, offering highly specialized, sophisticated equipment and services. It is characteristic of this industry that many operators, while interested in new developments, are reluctant to introduce untried methods.

The above listing of manufactured products/services and high technology products/services opportunities should not be treated as exhaustive of areas where Canadian products and services might find acceptance. As with any highly sophisticated market, the diversity and differentiation of Britain's specific market segments will generally allow opportunity for any truly innovative, attractively priced and well-supported product.

## **1. ELECTRONICS**

### **1.1 Telecommunications**

#### **Opportunity**

Telecommunications in the U.K. is moving from a government monopoly to a privately owned and operated structure, which will be closely regulated. The passage of the 1981 Telecommunications Act and the publishing of a new Telecommunications Bill removed British Telecom's (BT) monopoly to supply equipment and services in a number of key areas. One competitor (Mercury) to BT was licensed by the 1981 Act to provide trunk voice and data communications.

The second Telecommunications Bill was passed by the British Parliament in April 1984 and extends previous changes by allowing a majority (51 per cent) of BT shares to be sold to the private sector. It also establishes an Office of Telecommunications (Offtel) to oversee the regulatory framework, in a manner similar to the Federal Communications Commission in the U.S. As a result of these changes, new standards for telecom equipment are emerging slowly, under the auspices of the British Approvals Board for Telecommunications (BABT), and they are based on old BT standards. Gradually, equipment and services previously provided exclusively by BT have been opened to competition.

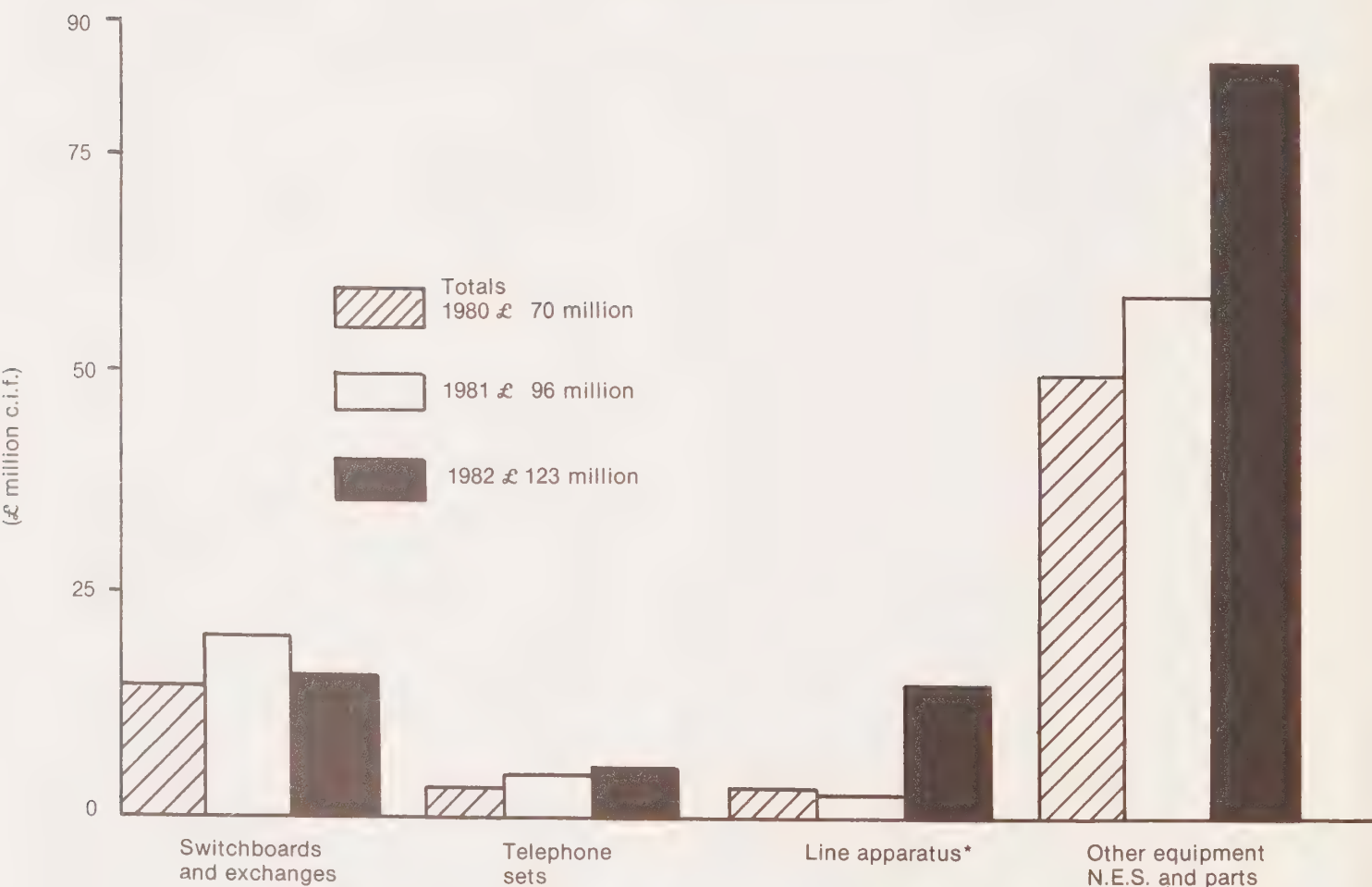
British Telecom (BT) is the fourth largest telecommunications operation in the world with 29 million phones, 19 million exchange connections, 92,000 telex connections and 93,000 data transmission terminals. BT has assets of over £15 billion and in 1982 purchased £890 million of telecommunications equipment. As indicated in Table 2 below, equipment valued at £123 million was imported in that year.

Although it remains to be seen whether the current regulatory changes will transform the U.K. market for telecom equipment into an open competitive arena, the steps to date could nonetheless represent significant opportunities for Canadian suppliers.

The cable television subsector of the U.K. telecommunications market has recently begun to receive greater attention. To date, cable TV has penetrated only 9 per cent of U.K. households. The government has, however, indicated its intentions to expand cable services. A Cable TV Bill was put forward in late 1983 and was expected to become law by June 1984.

The government views the development of cable television as a means of obtaining a national broadband cable network which could be used for future business communications and personal transactions from the consumer's home. Incentives are being

**Table 2**  
**U.K. Imports of Telecommunications**  
**Equipment (1980-82)**



\* Line apparatus for long distance communications (carrier, duplex and repeater) and speech input equipment

Source: Business Monitor PQ 363 41C 91 1983



given to operators to install fibre-optic switched star networks. British Telecom, with its expertise in cable laying, will be a major participant in the development of cable TV services. Eleven cable operators were awarded "interim" franchises in late 1983 ahead of the cable legislation.

### **Recent Canadian Marketing Activity**

In the period subsequent to the BT Act changes, activity has increased significantly. Canada's market share rose to about 2 per cent of total imports (i.e., £2.5 million) in 1982.

The major Canadian companies active in the market are Northern Telecom (U.K. subsidiary and licensing agreements with GEC and STC), Mitel (U.K. manufacturing subsidiary, technology licensing agreement with BT, GEC and Plessey, distribution agreement with ICL), Canadian Marconi (telex exchange contract with BT), SR Telecom (supplier to BT) and Gould Canada (telecommunications batteries).

Seven Canadian companies exhibited together with their U.K. subsidiaries or representatives at the Communications '82 Exhibition held in April 1982 in Birmingham, and reported successes. Six Canadian firms participated in the Communications '84 Show in Birmingham in May, which provided initial contacts for Canadian companies who were either seeking joint venture or licensing arrangements or the appointment of a U.K. distributor.

In March 1984, fifteen companies participated in a Cable and Satellite Mission to the U.K. Both Canadian and British interests who met during the mission have become enthusiastic about the potential.

Other trade fairs of interest to Canadian suppliers would be the Eurocast (Cable and Satellite Europe) Show. In 1984, sixteen Canadian firms exhibited at that show and nine other firms were represented. The Eurocast Show is held in May, and alternates between Basel (Switzerland) and Birmingham. The 1985 CAST (Cable and Satellite Television) Show will be held in Birmingham in April.

### **Market Considerations**

Although the trends are encouraging in the medium term, only a limited competitive market for telecom equipment in the U.K. can be expected. As a consequence, Canadian suppliers are encouraged to enter this market in association with a British company already having a working relationship with BT and thus capable of offering expertise on U.K. requirements.

There is little difficulty in locating suitable and interested British companies. The major problem has been in identifying Canadian companies with the potential to successfully penetrate the market. Worthwhile sales of relatively minor telecom equipment may be achieved in the short term through the traditional supplier/distributor network, especially if some final assembly and service is U.K.-based. The eventual outcome of that market penetration may,

however, be the establishment of U.K. manufacturing facilities.

### **Competition**

There are four major U.K. equipment manufacturers who supply the bulk of BT's requirements — GEC, Plessey, STC and Pye (Philips) — and who are also major suppliers to the non-BT sector. A new addition is Ferranti-GTE, a joint venture of the major British electronics company Ferranti and GTE of the U.S.

As shown in Table 3 on page 14, the major source of telecommunications imports is the EEC (Germany, France and Ireland), followed by the U.S. and Japan. The level of imports has tended to rise at a faster rate than the telecom market as a whole.

## **1.2 Computers**

### **Opportunity**

According to U.K. industry experts, increases in computer hardware budgets among U.K. companies were forecast for 1983-84, with the greatest expansion being in office automation (e.g., message switching, word processing and personal computers). The sectors providing strongest demand for capital-intensive items will be public utilities, public administration, retail, distribution, general industry and engineering sectors, followed by the financial sector. On the software side, the increase in demand for packaged software will level off marginally over the next 24 months. Software for local machines in distributed processing systems is currently in short supply.

U.K. computer hardware imports increased by 30 per cent between 1981 and 1982. Import totals in 1983 were approximately £3.0 billion. Imports represented almost two-thirds of the U.K. market in 1982.

The Central Computer and Telecommunications Agency (CCTA) acts as a co-ordinator of government policy and practice in the use of computers and telecommunications. Large government computer contracts tend to go either to British companies or foreign companies with substantial British commitments and investments, e.g., IBM. As Table 4 depicts, total billings of the U.K. computer services industry were £695 million in 1982. Public sector billings represented £78 million or 11 per cent of that total.

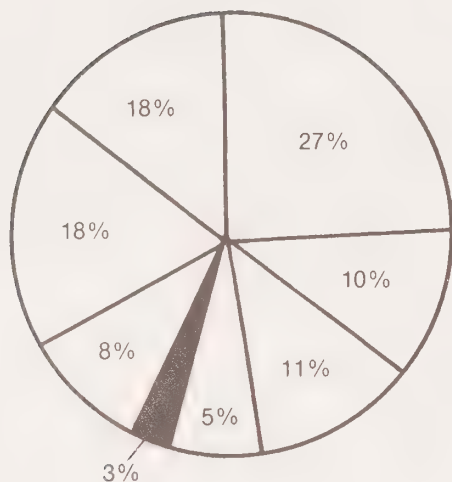
### **Recent Canadian Marketing Activity**

Canadian companies have been active in the U.K. market for many years. ICL, the major U.K. manufacturer of hardware, derived its "1900 series" of computers from a Canadian Ferranti-Packard design. For many years ICL has marketed Consolidated Computer Inc.'s Key-Edit equipment outside North America and has begun marketing Mitel's SX2000 in the U.K.

In terms of the overall U.K. market, the Canadian share is less than 1 per cent. In certain niches Canadian companies are quite active, successful and increasing their market share. Some examples include Geac computers (major on-line systems for

**Table 3**  
**Approximate Market Shares of Selected Countries**  
**in U.K. Telecommunications Imports (1980-82)**

1980



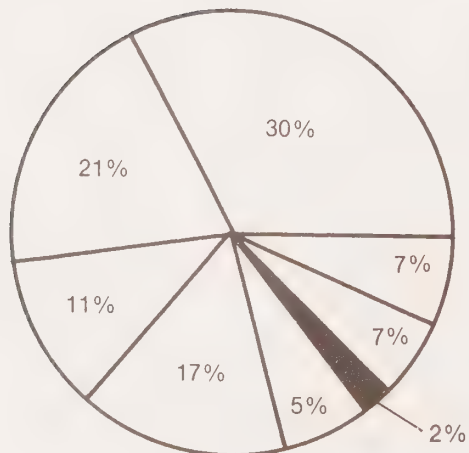
27% = Others  
 18% = West Germany  
 18% = U.S.  
 11% = France  
 10% = Sweden  
 8% = Ireland  
 5% = Japan  
 3% = Canada

1981



26% = Others  
 20% = Ireland  
 14% = U.S.  
 12% = West Germany  
 11% = France  
 9% = Sweden  
 8% = Japan

1982



30% = Others  
 21% = U.S.  
 17% = Ireland  
 11% = West Germany  
 7% = Japan  
 7% = Sweden  
 5% = France  
 2% = Canada



**Table 4**  
**Billings of U.K. Computer Services Industry**  
**1980-1982\***

	(£000,000)		
	1980	1981	1982
Customized programs	105.7	127.9	151.3
Package programs	63.9	87.6	87.1
Computer time hire	74.4	65.9	72.3
Professional services including consultancy	153.2	176.1	185.6
Total systems including hardware	55.1	63.4	85.1
Other	84.2	91.5	113.2
<b>TOTAL</b>	<b>536.5</b>	<b>612.4</b>	<b>694.6</b>

Source: SDQ9 Business Statistics Office, Cardiff, 1983

\* These statistics were derived from information provided by 135 U.K. computer services companies which are members of the Computing Services Association. The participants are both U.K. and foreign-owned companies.

banking, insurance and libraries), IP Sharp (time-sharing services), Volker-Craig (Terminal), Remanco Systems (restaurant management systems), Gandalf (data communications), Memotec (data communications), AES (word processors), Micom-Phillips (word processors) and Electrohome (monitors). In most cases, activity is confined to shipping the product from Canada via a U.K. distributor or subsidiary. Gandalf has, however, a major manufacturing facility in the U.K.

In view of the diverse nature of the U.K. computing sector, trade development efforts have been primarily geared to assisting Canadian companies on an individual basis (i.e. finding representatives, establishing subsidiaries and identifying major trade shows for the product or services).

The most important hardware show is COMPEC, held annually in London during November. The Personal Computer World Show is held in September in London. The last major Canadian group stand at COMPEC was in 1980, with 11 companies participating. An estimated \$6 million of business was achieved and numerous representatives were appointed. Fuller participation in 1984 and 1985 is under consideration.

Trade exhibits can prove to be an effective way of contacting both prospective importers/distributors as well as customers. Follow-up individual itineraries for Canadian companies to meet selected distributors or solo trade exhibits can be organized at the Canadian High Commission as a supplement to the recognized exhibitions.

"Vertical" trade shows are the next level of focus. They are relatively narrow, in-depth shows which attract high quality professional audiences that can offer already established companies excellent opportunities to deepen market penetration. An example of a successful approach was the participation of a Canadian manufacturer of computerized systems for museums in a Museum Exhibition in London. As a

result, direct sales worth several million dollars were made and valuable contacts in Europe, the Middle East and Asia were established.

The most important software show is Software Expo Europe, also held annually in London during November, and sponsored by the Computing Services Association and the Institute of Data Processing Management.

### Market Considerations

The best prospects and least competition for Canadian computer companies lie in the "vertical", clearly defined markets, as the competition for "general purpose" hardware and software is intense.

The objective of market penetration in this sector would be to increase U.K. awareness of Canadian capabilities and for companies to aggressively market those capabilities in relation to the specific opportunities.

There is usually less difficulty in locating suitable U.K. partners than in finding Canadian companies capable of supplying a range of new products and services to meet available demand.

There is very little governmental or non-governmental agency involvement in the determination of codes, regulations and standards for computer hardware and software sold in the U.K. Electrical standards involve equipment capable of operation at 240 volts 50 hertz. Although there is no mandatory testing, equipment should comply with U.K. electrical practices as laid out in the relevant British Standards. In the data communications area, attachment of equipment to British Telecom's network requires approval. Accountancy type software should comply with U.K. accountancy practices.

### Competition

The major U.K. hardware manufacturer — ICL — has staged a significant recovery under new management over the past two years. Other major U.K. manufacturers include GEC Information Systems, Computer Technology Ltd., Information Technology Ltd., Digico and Systime. In addition, most of the U.S.-based manufacturers have a significant presence in the U.K. market, including IBM, DEC, Hewlett-Packard, Burroughs, Honeywell, Wang and Data General.

British computer software skills are highly regarded and have attracted many offshore hardware companies to the U.K. Amongst the U.K. software leaders are Logica, CAP, Hoskyns, ICL-Dataskil, Leasco, Software Sciences and SPL.

The main sources of computer hardware imports are the U.S. (about 40 per cent), West Germany, France and Ireland. At present Japan accounts for less than 10 per cent but is catching up fast.

## 2. MACHINERY AND EQUIPMENT

### 2.1 Secondary and Service Industries Equipment

#### Overview

As noted in the following table of selected market segments, the U.K. secondary and service industries equipment sector embraces a wide and diverse range. In 1982, the overall market stood at £34.2 billion, a significant increase from 1981. However, while this higher figure reflects the gradual overcoming of the production slump and fall-off in new capital investment in the late 1970s and in 1980-81, it also shows the very mixed recovery. Foreign imports grew only marginally in 1982, but still captured 27 per cent of the U.K. market.

tics. While specialized quality, and price-conscious equipment and machinery still command attention in this market, Canadian firms are finding that it is only by a significant presence that they will succeed.

Canadian exporters need to overcome some general obstacles when pursuing this market. There are few tariffs in this sector, which means that Canadian suppliers must compete against not only quality products from the U.S. and Japan, but also those products with duty-free access from EEC member countries, and price-competitive products from the Far East and Eastern Europe. Foreign exchange rates, transportation and market servicing costs are significant. Canada has a major marketing challenge in convincing U.K. and EEC clients that it is a source of high-quality engineered products in this sector.

**Table 5**  
**Market in the U.K. for Selected**  
**Secondary and Service Industries Equipment**  
**1980-82**

	(£ million)		
	1980	1981	1982
Forging, pressing and stamping equipment	1,005	887	938
Packaging products of metal	1,126	1,107	1,205
Domestic cooking and heating appliances (non-electrical)	224	239	243
Boilers and process plant fabrications	1,103	1,223	1,539
Textile machinery	278	256	232
Food, drink and tobacco-processing machinery; Packaging and bottling machinery	457	445	506
Mechanical lifting and handling equipment	1,205	1,014	1,114
Refrigerating, space-heating, ventilating and air-conditioning equipment	913	865	986
Pumps	395	390	408
Basic electrical equipment	2,030	1,938	2,177
Domestic-type electrical appliances	916	922	903
Electrical lamps and other electric lighting equipment	473	494	512
<b>TOTAL</b>	<b>10,125</b>	<b>9,780</b>	<b>10,763</b>

Source: U.K. government estimates taken from Annual Abstract Statistics (HMSO Books)

Canadian sales rose almost 25 per cent in 1982 to £63 million from £51 million in 1981. They represent a market share of less than 0.01 per cent. The increase in Canadian exports was attributable to metalworking machine sales.

The international recession of recent years and the increasing interests of various countries in export-led growth have resulted in a dramatic increase in the number of potential suppliers of secondary and service industries equipment to the British market. At the same time, a number of British suppliers have shown increased interest in their domestic market as they have found it necessary to curtail some of their activities in the Middle East and Africa.

In this environment, Canadian suppliers will need to reappraise their U.K. market strategy for this sector, including their price and product design characteris-

Nevertheless, the secondary and service industries equipment sector offers the most potential for Canadian exporters in the following areas: (a) printing/packaging/labelling equipment; (b) plastics processing equipment; and (c) cleaning/catering equipment. Each have shown sustained prospects, and because they have their own market characteristics and distribution channels, they will be considered separately.

Emphasis on these sectors should not discourage Canadian exporters from exploring possibilities in such other areas as agricultural machinery, material handling machinery and shop fixtures. Companies should visit the market, preferably at the time of an appropriate U.K. or Western European trade fair. That will provide them with the opportunity both to see the wares of the industry and to examine such



market factors as design, price, distribution and the various competitive approaches used by domestic and foreign firms.

### **Printing/Packaging/Labelling Equipment**

In 1982, the total value of the British packaging/labelling equipment stood at £380 million, exhibiting a growth of 7-9 per cent from 1981. Although growth momentum has been declining due to the recession, sales continue strong as British firms move away from the traditional packaging and labelling methods.

Imports have grown and there has been an increasing demand for highly automated and sophisticated equipment. This has tended to come from France, West Germany, Italy, the United States, Japan and Scandinavia. Imports have captured 25 per cent of the market. This import trend was notable during the 1983 PAKEX Exhibition held in Birmingham, where foreign exhibitors reported considerable success.

The majority of British packaging/labelling equipment manufacturers sell their wares directly to the end user through their own sales force. As these firms also install and service their equipment and provide consulting services (which are added buying incentives), the buyer has shown a preference for this method which avoids a middleman.

Foreign manufacturers usually utilize British distributors for sales and service of their packaging machinery. There has been a movement towards distribution agreements with British manufacturers, which produce complementary lines of equipment, enabling them to benefit from a distributor's servicing capabilities. Larger firms, wishing to establish a more permanent presence, would need to have their own subsidiary.

Canadian labelling and packaging equipment has gained wide international acceptance on the basis of its advanced technology, price competitiveness and quality. Exports to the U.K. in 1982 reached \$1.8 million.

As with labelling and packaging equipment, printing and book-binding machinery is wide-ranging and sophisticated, requiring continuous product development. Canadian exports to the U.K. in 1982 amounted to over \$1.3 million.

The best vehicle for Canadian manufacturers to introduce their products into the U.K. has been the PAKEX/BREWEX exhibition. These shows are only held every three years, which necessitates the firm's selection of its own complementary events and visits to support its market development activities in the intervening period.

Opportunities in this sector are available, provided that Canadian companies are prepared to expend the necessary time and energy exploring and researching this increasingly sophisticated market segment.

Lack of familiarity with Canadian equipment and machinery, and a somewhat antiquated misperception of Canadian supply capability have been the major inhibitors of British purchases of Canadian

machinery. It is the "image" rather than the duty (between 4 and 5 per cent) which has to be overcome prior to increased market penetration.

### **Plastics Processing Equipment**

Canadian exports of plastics processing equipment through the U.K. have increased significantly from \$637,000 in 1975 to some \$8.2 million in 1982.

Canadian marketing initiatives to date in this sector have tended towards the Europe-wide approach rather than specifically for the United Kingdom market. However, what activity there has been has centred largely on technology transfer, especially licensing from the United Kingdom — where the *New Products Bulletin* has proved invaluable — and on joint venture agreements.

In this connection, Canadian plastics processing equipment firms have participated at Interplas 1982 in Birmingham, and in Kunststoff in Düsseldorf, West Germany in 1983. Both of these shows have proved to be excellent vehicles for promoting Canadian exports of plastics processing equipment to other country markets, as well as an opportunity to view the latest technology in the market place for this rapidly changing industry.

### **Cleaning and Catering Equipment**

The cleaning and catering equipment markets in Britain can be considered jointly as they both exhibit many of the same characteristics. Both can be subdivided into three segments: (a) home consumers, (b) contract cleaning or catering, and (c) industrial or commercial enterprises. They can be supplied by either retail outlets or distributors as appropriate.

Sales by retail outlets in both sectors grew slightly in 1982 while sales to industrial and service enterprises fell dramatically. The major growth areas in 1982 were purchases by contract cleaning and catering firms. These purchases may in fact be further assisted by British government policies aimed at privatizing cleaning and catering services in the public sector, i.e. schools, hospitals and prisons.

While tariffs are not of major concern in either market sector, standards approval is required from the British Standards Institute for equipment which is electrically operated. The approval process can sometimes be lengthy.

In 1982 total sales in each of the markets was approximately £300 million, of which imports in each sector were approximately 30 per cent (£90 million).

More and more Britons are eating out and doing so at fast-food restaurants, giving this sector continuing good potential for growth. There are currently some 10,000 fast-food franchises in the U.K., most of them still serving fish and chips. The attractiveness of franchising in the North American style has been aggressively demonstrated by the successful entry of U.S. franchises such as McDonald's.

There is also a move afoot to supply convenience foods through the traditional pubs and more recently

through wine bars. There are some seven million vending machines in the U.K., and the recent introduction of the £1.00 coin will likely provide a strong boost to vending sales over the medium term.

The British catering industry is well organized, with a national association and two internationally known trade fairs — HOTELYMPIA and Cefex — held in alternate years. There is a notable import penetration — almost 30 per cent — mainly coming from the EEC and the U.S.

Canadian export sales in this sector were about £3 million of total U.K. imports of almost £90 million. Some Canadian successes have been achieved in this sector over the years by several companies.

Canadian marketing initiatives to date have focused on the HOTELYMPIA (International Hotel and Catering Exhibition) Show in London. Canadian producers participated actively in the last three shows held in 1980, 1982 and 1984. In January 1984, nine Canadian food preparation and service equipment firms participated in HOTELYMPIA and realized on-site sales of some \$270,000, with a potential for an additional \$10 million in sales (most of which go to various countries other than the U.K.). In addition, four Canadian firms were represented at the 1984 HOTELYMPIA by their U.K. agents or subsidiaries.

In the cleaning equipment segment in 1982, Canadian sales amounted to £500,000, almost all of which were of cleaning supplies rather than equipment.

Canadian marketing initiatives in the past in that sector have consisted of company participation in a government-sponsored stand at Europaclean, Birmingham in 1978 and 1980, and in 1982 with PEMD assistance; HOTELYMPIA in 1982 and 1984; and Interclean, Amsterdam in 1981 and 1983.

At present there is no British industry-wide cleaning equipment association, nor is there an internationally known trade fair in the U.K. Some efforts have been made to establish an association, and plans were made to hold a trade fair. Interclean London was held in May 1984 with Canadian participation. It was organized by the Dutch RAI organization and will be held on alternate years at Interclean, Amsterdam.

Canadian cleaning and catering equipment companies having the capability will need to demonstrate their products and services in the U.K. more forcefully and frequently in order to gain entry to the U.K. and to obtain a share of the British cleaning and catering equipment market.

## **2.2 Automotive Parts and Accessories Opportunity**

The U.K. vehicle population, year end 1982, totalled 17.9 million — passenger cars 16.0 million, and commercial vehicles 1.9 million. Since 1979 imported cars have accounted for more than 50 per cent of new registrations.

The U.K. automotive components industry is one of the country's leading industrial sectors, as well as being a major exporter in its own right. However,

imports of parts and accessories for motor vehicles are quite considerable and in 1982 amounted to £1.5 billion. Imports from Europe, mainly Germany, France, Belgium and Luxembourg, Italy and Spain represent £1.2 billion or 80 per cent of this total.

The main opportunity for Canadian manufacturers is in the aftermarket, estimated to be valued at £1.8 billion, and particularly the rapidly growing do-it-yourself (DIY) market. In 1970, only 35 per cent of car owners engaged in any DIY activity, whereas today some 85 per cent of Britain's car owners carry out some servicing, repair and maintenance work. This has been brought about by the increasingly high cost of motoring in terms of gas, oil, tires, servicing and repairs.

The retail value of the DIY aftermarket is estimated at £1 billion. Replacement parts account for 55 per cent of this total, followed by accessories (28 per cent), maintenance and repair products (11 per cent) and car care products (6 per cent).

A further breakdown of the replacement market (AM) reveals that electrical parts comprise 25 per cent of the market, steering and transmission parts (21 per cent), engine parts (20 per cent), suspension and brake parts (20 per cent) and chassis and body parts (14 per cent).

As the size of the DIY market for replacement parts and accessories has grown, new wholesale and retail distribution patterns have emerged. Whereas the "cash and carry" outlets at one time accounted for 30 per cent of the trade, their share is diminishing as more business is now being done by manufacturers direct to the retail trade. In addition to the rapid growth in the number of independent accessory shops, there has been an expansion of chain accessory shops specializing in AM products, as well as a growth in non-specialist retail outlets, hypermarkets, supermarkets, superstores and mail-order houses.

### **Recent Canadian Marketing Initiatives**

In 1981, Canada exported \$9.6 million in Canadian auto parts to the U.K. Successes have been recorded in the following segments: light bulbs, spark plugs, lighting and signalling equipment, windshield wipers, hose clips, disc brake pad assemblies, shock absorbers and automotive hand tools. Several U.K. distributors continually seek Canadian products.

Particular success stories include Tridon Ltd. (windshield wipers and hose clips) which has established a British subsidiary at Thame, Oxon and Certified Brakes (disc brake pads), which operates its own warehousing facility in Tunbridge Wells, Kent.

The thrust of Canadian efforts in the aftermarket has been centred on the biennial Automechanika show in Frankfurt which most U.K. agents and distributors attend. The 1982 show attracted 25 Canadian exhibitors. Potential U.K. buyers have been encouraged to attend the 1984 Automechanika show.

Canadian companies are also encouraged to exhibit under PEMD at various automotive shows held in the



U.K. (i.e., Autopartac) and to visit the U.K. to explore market opportunities.

In October 1981, six Canadian manufacturers exhibited at Autopartac in London. In March 1983 eight Canadian companies participated in the latest Autopartac show. Results were encouraging and future participation under PEMD is planned.

In the original equipment market (OEM), where market prospects in the U.K. are not encouraging in the short and medium term, Canadian activity to date has been focused on the annual SITEV (Geneva) trade show. This provides Canadian OEMs with the opportunity to meet with other vehicle manufacturers, including those from the U.K.

In 1978, 1980, 1982 and 1984 small groups of U.K. buyers visited the Canadian International Automotive Show in Montréal (a biennial event) under the incoming buyers program. British Leyland has also sent groups of senior buyers on exploratory visits to Canada on two occasions within the past three years.

One area of potential for increased Canada-Britain trade development is in the realm of joint ventures. The British parts industry, with its access to EEC member countries, has many companies which would make excellent partners with certain Canadian companies.

### **Market Considerations**

Imports from Canada are not subject to quantitative restrictions or import licensing but are liable to import duty under the Common Customs Tariff. Canadian exporters are therefore at a disadvantage vis-à-vis their main competitors from the EEC whose products are accorded duty-free entry. There is no one single duty and the rate, which is dependent on the particular item, varies from 6 per cent to 9.5 per cent. Import duties are assessed on the c.i.f. (or landed) value. Additionally, vehicle components and systems which are safety or emission-related must comply with the complex ECE/EEC type approval regulations (representing a significant non-tariff barrier for certain specific items) although in some instances British alternative standards are acceptable.

New legislation, which became effective in August 1983, outlaws the exclusive franchising arrangements on spare parts operated in the past by U.K. car manufacturers and importers with their dealers. This will free the dealers to get spares from other sources and thus open up a potentially large market for independent component manufacturers and distributors. The end of these exclusive arrangements will result in a slow changeover to other suppliers because dealers have over the years become accustomed to vehicle manufacturers' systems, part numbers, etc.

## **2.3 Offshore Oil and Gas Equipment and Services**

### **Overview**

The U.K. offshore oil and gas industry is subject to substantial developments. Activity in 1983 was characterized by record levels of exploration drilling, and several new fields were brought into production.

In 1983, total U.K. oil production amounted to 115 million tonnes, almost entirely from offshore. The U.K. now ranks as the sixth largest oil producer in the world.

The annual value of orders placed for goods and services by operating companies in this sector is about \$6 billion, of which some 70 per cent is from U.K. suppliers. Expenditure on North Sea developments between 1984 and 1995 is estimated at \$100 billion, with half of this total represented by capital spending on new fields, including equipment, materials, fabrication and services. The market is free of restrictions and is open to any supplier subject to the usual commercial considerations of price, quality, back-up service, etc.

U.K. competition is less severe in the offshore exploration and test drilling phases, accounting for less than 30 per cent of business placed for this work.

The Offshore Supplies Office (OSO) was set up in January 1973 and was charged with the task of ensuring that British industry had a full and fair opportunity to compete in supplying goods and services for the U.K. Continental Shelf. It was not meant to secure preferential treatment for U.K. industry, but rather the office's role was to help British industry identify the needs of offshore oil company operators, and to assist operators to identify British suppliers of the equipment and services they required.

New ventures to increase U.K. involvement in supplying the offshore oil and gas market were to be encouraged and the OSO provided advice on joint ventures and licensing arrangements. The U.K. industry was also encouraged to supply overseas outlets.

The OSO does not indulge in any direct procurement activity for goods or services. Indirectly, the U.K. industry's share of the total value of orders placed by oil and gas operators for development work on the U.K. Continental Shelf increased to an average of 72 per cent over the last few years. The average absolute value of all orders placed in the last four-year period was £2.56 billion per annum and does not take into account any orders for less than £100,000.

The U.K. Offshore Operators Association Ltd. (UKOOA) was formed in 1973 from an informal organization set up in 1964 (shortly after the allocation of the U.K.'s first round of offshore licences) and known as the U.K. North Sea Operators Committee. UKOOA provides a means of communication with government and others on technical and admini-

nistrative matters. As it is regularly consulted by the government, it is involved in nearly all offshore oil industry affairs. UKOOA has a small permanent staff but appoints annually a council from its membership to control its affairs. Membership (currently 34) is restricted to companies acting as operators on production licence areas in U.K. waters; all oil companies engaged in exploration or production on the U.K. Continental Shelf are members.

There are 18 permanent and 2 ad hoc committees and UKOOA has representation on 27 joint industry bodies. Among items dealt with regularly by these committees are drilling practices, diving, emergency services, engineering and development, safety, anti-pollution, employment practices, and full and fair opportunity for British industry.

It should be noted that the UKOOA Full and Fair Opportunity Committee monitors the application and implementation of an agreed Code of Practices on purchases of goods and services for oil-related activities on the Continental Shelf. The OSO continuously monitors procurement to ensure that the U.K. industry is given a full and fair opportunity to bid for contracts.

Offshore production and exploration licenses are issued by the Secretary of State for Energy under the Petroleum (Production) Act 1934 as extended offshore by the Continental Shelf Act 1964. This Act prescribes designated areas within which rights for exploration and exploitation of the seabed and sub-soil and their natural resources are exercisable by the U.K. The areas are divided into blocks and the normal practice has been to invite applications to license specific blocks (designated in the invitation). Licences have been awarded in particular rounds, of which there have been eight since 1964.

### Recent Canadian Marketing Activities

Canadian oil and gas operator companies with established offices in the U.K. include Bow Valley, Ranger and Sceptre Resources. Bawden Drilling and Westburne are active drilling companies with fixed rigs on platforms; Kenting operates a number of land drilling rigs. CanOcean Resources, a member of the NOVA Group of Companies, has an established operational base in U.K. International Submarine Engineering has supplied a number of submersibles to service companies, and Hunttec obtains regular contracts for sub-sea surveys. J.T. Hepburn has supplied hoisting equipment for a semi-submersible drilling rig built in the U.K. for Dome Petroleum. Several Canadian companies have also explored licensing or joint venture relationships in the U.K. for such equipment as choke valves and soil de-silters.

Direct participation by Canadian firms in oil and gas exploration, development production and processing in the U.K. is a springboard toward increased exports of related Canadian machinery, equipment and services.

In 1983, exports of petroleum, coal and gas production machinery from Canada to the U.K. amounted to

\$1.6 million. If specialized equipment relating to oil and gas production such as winches, hoists, heat exchangers, pumps and valves are added, the total becomes \$4.6 million. At least 25 Canadian companies have made sales in this market, either on their own, through U.K. subsidiaries, or through local agents or distributors.

Canadian companies had successes with turbines and parts; geophysical and oceanographic equipment; drilling equipment; underwater acoustic equipment; and various services.

Canadian oil and gas equipment supply and service companies have participated effectively and successfully in the major trade fairs at Aberdeen (Scotland), Brighton (England) and Stavanger (Norway) over the past few years. These fairs are scheduled every two years as follows:

Offshore Europe	Aberdeen, Scotland	Sept. '85 ('87, '89)
Offshore Northern Seas	Stavanger, Norway	Aug. '84 ('86, '88)
Oceanology International	Brighton, England	March '84 ('86, '88)

A continuing presence in the U.K. marketplace by Canadian exporters is an essential prerequisite for success. Medium- and smaller-sized companies recognize this, and Post personnel are in a position to counsel and advise prospective exporters in the choice of agents/distributors with a proven track record. To assist in this work, a registry of agents/distributors is being built up at the Post. It is critical for Canadian companies to be able to guarantee readily available product or service support.

PEMD (various sections) has been utilized to a moderate extent over the past two years by exhibitors to trade fairs and by individual companies on market reconnaissance visits.

### Market Considerations

The key offshore activities remain dominated by foreign engineering contractors, mainly from the U.S. and Norway, but French, Dutch and Italian companies have also established competitive capabilities in the offshore area. Furthermore, the capabilities of Norway and France have had a good deal of technical back-up from specialist R&D institutions, and those in Norway, France and Italy have had the support of their national oil companies.

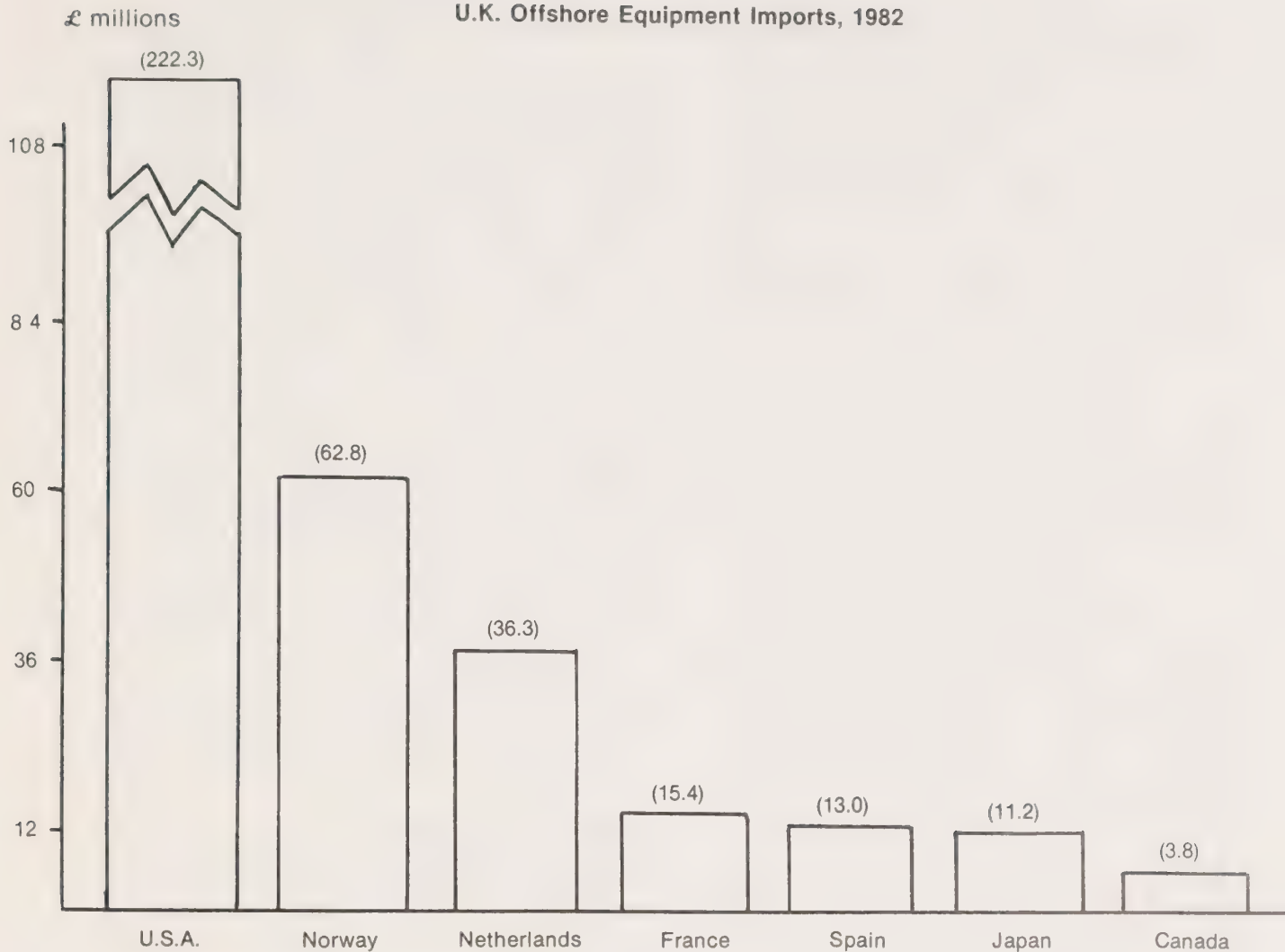
Most reliable data indicate that in 1982 total imports in the category of Continental Shelf Transactions (CST) were £419 million.

A breakdown of that total by country follows.



Table 6

## U.K. Offshore Equipment Imports, 1982



Source: U.K. Government statistics

### 3. CONSUMER AND LEISURE PRODUCTS

#### 3.1 Sporting Goods

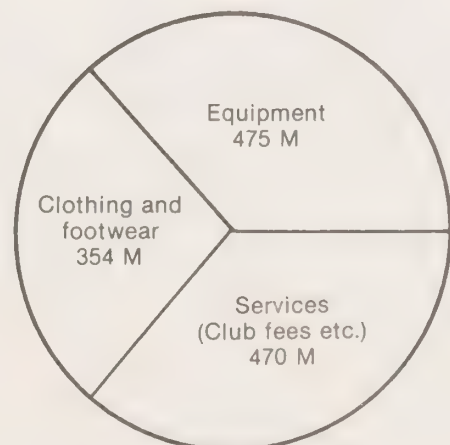
##### Opportunity

In this section, opportunities in the sports equipment area will be highlighted; there are, however, some opportunities available in the U.K. for sports clothing and footwear.

Sport and sporting activities of many types are extremely popular in the U.K., with approximately 50 per cent of the population participating in some form of sport on a regular basis.

Despite increased popularity, the recession has affected the domestic sports equipment suppliers, and increases in demand have been slower than anticipated. The total current sporting goods market — equipment, clothing, and services — is sizeable nonetheless:

Chart 1



Legend: M = £ million

**Table 7**  
**Import Penetration in Selected Segments of**  
**the Sporting Goods Market in the U.K., 1977-1982**

	(% of market value)				
	1977	1978	1979	1980	1982
Rackets	74	56	80	83	77
Tennis balls	26	12	26	24	21
Fishing rods	59	63	59	69	95
Fishing reels	79	82	81	—	93
Table tennis equipment	50	63	53	54	75
Darts and boards	11	9	2	3	3
Gymnastic and athletic equipment	20	41	47	61	68
Golf clubs	26	31	30	34	42
Golf balls	12	21	26	39	38

Source: Business Monitor

Britain is a manufacturer of many of the traditional items of sports equipment, but over the last five years has had to import many items to keep up with demand. Imports have played a strong role in this market and would be expected to do so in the future. As indicated in the following table, imports constitute an important portion of the total market.

Assuming that the next three years will see a period of continuing economic recovery, the increase in volume sales of sporting goods could range from 15 to 30 per cent. Particularly strong growth is expected in the indoor racket sports (badminton, squash) and snooker. As retail outlet costs increase, the importer/distributor has been able to provide a low cost warehousing operation. There has been a tendency for the importer/distributor to stock only those products known to be easily saleable, making the introduction of new lines difficult.

For the most part, sports equipment is sold through specialist sports shops, numbering some 4,000 in the U.K. Other important retail outlets are the retail chains (e.g., Woolworth, Boots, Tesco and the mail order chains).

### Recent Canadian Marketing Activity

Canadian exports of sports equipment to the U.K. have grown from \$1.5 million in 1977 to almost \$5 million in 1982. This is still a very modest level in overall terms and leaves considerable room for expansion.

The U.K. market has been approached by Canadians either directly in major areas such as golf and gymnasium equipment, or indirectly in most other areas through the international European trade shows such as ISPO in Munich and SPOGA in Cologne. Both are attended by the main British buyers.

As Canadian exports in this sector are in the development stages, the broader exposure of the large international show has been considered the most efficient marketing vehicle. When Canadian companies become established, there could be a greater concentration in specific markets, including partici-

pation in local or regional trade shows. Frequent visits with area sales representatives or distributors would continue to be required to capitalize on the relationships established elsewhere.

Canada's current share of the U.K. sports goods market appears to be confined to hockey, swimming, archery, golf, snooker/billiards and gymnasium equipment.

With the exception of hockey clothing, which is an integral part of the sport, the market is limited with respect to sports clothing and general sports footwear.

### Market Considerations

Although the Canadian sporting goods industry has the potential for increasing its market share, that capability must be viewed in the context of its ability to supply competitively priced, compatible products to the U.K.

Canadian firms have concentrated their production efforts in the upper-middle to superior quality price categories, leaving the low end to producers from Asia. It is new developments, such as lightweight walking boots, steel and fibreglass tennis racket frames, moulded ski boots, and moulded hockey skates which will provide the best export potential. The first company to get to the market with a comprehensive export promotion package will likely be successful.

Acceptability of Canadian goods has been amply demonstrated, and even a relatively minor change in the economic fortunes of the U.K. combined with more favourable exchange rates could render Canadian goods very competitive in this market.

### Competition

Production in the U.K. in any volume is dominated by a handful of major companies. By breadth of manufacturing capacity, Dunlop and its holding company, International Sports Company, is believed to be the largest. Others include Wilson Sporting Goods, Grays of Cambridge, Lillywhites, My Dart and Unicorn.



### 3.2 Consumer Products

*Furs:* Canada is a major supplier of fur garments for the high end of the market.

*Footwear:* Because of the special capabilities and circumstances of the Canadian market, the industry has developed in the manufacture of "slush moulded" boots and in the upper segment of the market for heavy-duty leather work boots; climbing and walking boots and après-ski wear. The Canadian Footwear and Leather Institute has made several European visits in promotion of Canadian manufacturers. Export opportunities in this sector are dependent not only on design and quality, but also on competitive pricing.

*Textiles:* The U.K. has been a long-standing export market for Canadian textiles — cottons, cotton duck, corduroy, velvet. Over the years, the mix has changed to man-made fibre fabrics. Canadian yard goods are only competitive by virtue of a combination of favourable demand (as U.K. production decreases, import penetration appears to increase) and a favourable rate of exchange.

*Carpets:* Domestic U.K. manufacturers currently service only 60 to 65 per cent of the U.K. consumer demand and there has been considerable import penetration over the past five years. Canada increased its exports in the tufted carpet market to a peak of \$11 million in 1981. With a return to a favourable exchange rate and more favourable economic conditions, some of that market could be regained.

*Giftware and Jewellery:* There are no non-tariff barriers to the importation of jewellery and giftware into the U.K., but EEC member countries do have a duty advantage. Canadian jewellery promotional activities have been primarily "in-house" demonstrations at the facilities of the Commercial Division of the Canadian High Commission in London. Canadian participation in the International Spring Fair (Birmingham) provides a wider range of jewellery/giftware companies with a high profile opportunity to show their wares to wholesale as well as to retail customers.

### 3.3 Furniture

#### Opportunity

The United Kingdom furniture industry is highly fragmented and is estimated to include between 1,300 and 1,400 manufacturers.

The United Kingdom furniture manufacturers generally sell directly to the retail sales outlets. It is estimated that furniture outlets or department stores with 10 or more outlets account for 40 per cent of the volume of sales. Imported furniture is normally handled by agents, but there are some direct sales to the larger chains. The total domestic wooden/upholstered furniture sales in 1982 were £1.1 billion while sales for 1983 were about £1.2 billion. Imports constitute some 25 per cent of total demand (£300 million).

The British furniture market, measured in percentage terms, is broken down as follows: wooden furniture, including component parts, 60 per cent; upholstered furniture, 25 per cent; and metal furniture, 15 per cent.

#### Recent Canadian Marketing Activity

Prior to 1979, exports of Canadian furniture, excluding minimal exports of metal office furniture, were negligible. The strong pound sterling in late 1979 was the catalyst in increasing exports of Canadian furniture to Britain. A principal target was the upholstered section of the British furniture market, which caters to the middle-class householder who is in the market for price competitive, good quality and distinctively styled furniture.

About four years ago, the Ontario government arranged a showing at the London Furniture Show. Since then, other Ontario companies have exhibited at a stand with their U.K. agents. Two Québec companies have also exhibited at the London Furniture Show. Visits to the two main U.K. furniture exhibitions — London Furniture Show (May) and the International Furniture Exhibition in Birmingham (November) provide ideal opportunities to compare both U.K. and European products as to price and styling.

**Table 8**  
**Exports of Canadian Furniture to the U.K., 1980-1983**

	(\$000)			
	1980	1981	1982	1983
Bed springs and mattresses	2	21	6	50
Wood household furniture	627	1,102	672	1,274
Metal household furniture	3	74	48	76
Upholstered household furniture	131	790	1,340	542
Household furniture, n.e.s.	42	97	123	104
Wood office furniture	206	870	10	179
Office furniture, n.e.s.	1,438	1,851	1,314	1,578
Special purpose furniture	162	323	568	38
Furniture and fixtures, n.e.s.	3,224	2,451	2,568	2,437
<b>TOTAL</b>	<b>5,835</b>	<b>7,579</b>	<b>6,649</b>	<b>6,278</b>

Source: Statistics Canada

Since 1980, three different groups of furniture buyers have been invited to visit the Toronto Furniture Show. Two of these visits resulted in the placing of substantial orders.

Canadian furniture for office, hotel or institutional use has had some success in the U.K. Canadian companies could benefit from participation in the annual Interior Design Show in the U.K. for demonstrating their product/service capabilities to the U.K. buyers, especially in such areas as office furniture sold as integrated systems for office landscaping. Similarly, U.K. buyers will be encouraged to attend the CANEXUS office furniture show in Toronto.

### **Market Considerations**

Promotional activity has led to a new awareness by British furniture buyers that a broad range of Canadian furniture has distinctive design and style characteristics which cater to the average household and are cost competitive, even in the face of the present declining value of the pound sterling relative to the Canadian dollar. Canadian furniture exports have gained a "toe-hold" in the British market. With a sustained on-going promotional program, increased market share from the present 1 per cent of imports to 5 per cent is attainable.

Styling in North America is different in many respects from traditional United Kingdom furniture, and the ability of Canadian firms to adapt to the production of styling acceptable to U.K. purchasers will be an important sales determinant.

Because of shipping problems, the market for "case goods" is at best negligible until some more economic means of shipping made-up items can be discovered. Successes to date have occurred when upholstered chairs and couches could be properly fitted into a container, enabling the shipment of an economic volume of goods.

An impediment to Canadian furniture is a 7.4 per cent tariff. While there has been no national "Buy British" program, the U.K. industry is aware of rising imports and has made use of small stickers in the form of a Union Jack with the words "Buy British" or "British-made".

### **Competition**

There is no one British manufacturer who holds a commanding share of the market. It is estimated that only three manufacturers each control less than 5 per cent of the market, namely Gomme Holdings, Christie Tyler and Schreiber.

The major importers are EEC/EFTA countries who account for some 70 per cent of imports, followed by Eastern European countries. At present, low-cost imports from the Far East are increasing.

## **D. OVERVIEW OF CANADIAN AGRICULTURE, FISH AND FOOD EXPORTS TO THE UNITED KINGDOM**

In 1983, Canadian agricultural, fish and food exports to the U.K. were \$513 million. As indicated in Table 9, total Canadian exports of these products have increased from \$356 million in 1977, reaching \$707 million in 1981. Canadian agriculture, fish and food exports to the U.K. have represented an average of 20 per cent of total Canadian exports to the U.K. during this same period.

Grains, canned and frozen fish, fruits and vegetables, fodder and feed, tobacco, pedigree cattle breeding stock, high quality beef, oilseed products, aged cheddar cheese, other processed foods and specialty crops were the major commodities. Cereal and cereal preparations (mainly wheat) represent the largest category, and account for 47 per cent of total Canadian agriculture, fish and food product exports to the U.K. in 1983.

The following sections focus on three sub-sectors of the agriculture, fish and food products sector, namely: processed food products, agricultural products and fish and fish products. The export opportunities described are considered the most significant for future market penetration in the U.K. agricultural, fish and food sector. Other market opportunities (both those traditional market segments and those products not specifically referred to) are important to Canadian exporters and should continue to be exploited.

### **Import Perspective: The Agricultural, Fish and Food Sector in the United Kingdom**

As shown in Table 10, in 1982 the U.K. imported approximately U.S. \$13.5 billion (£7.7 billion) of agriculture, fish and food products. This represented some 13.6 per cent of all U.K. commodity imports that year. The EEC was the source of approximately 50 per cent of all agricultural, fish and food imports. The majority of the remainder of those imports came from the developed countries (i.e. EFTA countries, Australia, Japan, Israel, South Africa and Canada). Canada's share of the U.K. market for agricultural, fish and food products was approximately 4 per cent in 1982.

The United Kingdom agriculture, fish and food products market is sophisticated. Perceived and actual quality is important, more so than for many other export markets. Experience has been that the U.K. market cannot be taken for granted. It is therefore important for the Canadian exporter to clearly understand the regulatory requirements of the U.K. for his product and the quality expectations of the customer.



**Table 9**  
**Canadian Agriculture, Fish and Food Exports to the U.K.,**  
**1977-1983**

	(\$ million)					
	1977	1979	1980	1981	1982	1983
Live animals	0.1	0.1	0.7	1.1	0.3	3.0
Meat	5.3	14.8	19.6	21.8	22.6	17.6
Fish	35.2	55.7	84.0	106.7	81.1	98.7
Dairy	2.0	1.6	7.5	16.9	17.1	13.6
Barley	6.6	7.4	2.0	—	0.6	—
Wheat	177.6	263.1	284.6	353.0	269.6	236.8
Other cereal	7.5	3.6	5.4	5.3	4.6	3.3
Fruit	1.8	4.9	7.4	16.9	13.6	9.8
Vegetables	38.9	36.3	39.7	35.2	45.0	37.4
Other fruits and vegetables	2.9	4.2	5.3	7.1	7.0	4.7
Feeds	28.7	39.9	44.2	52.0	38.6	39.1
Whisky	1.6	2.2	1.7	1.4	1.6	1.3
Tobacco	42.2	84.1	36.6	67.6	54.4	40.2
Other seeds	5.7	22.3	13.4	22.4	10.0	14.3
<b>TOTAL</b>	<b>356.0</b>	<b>540.0</b>	<b>552.2</b>	<b>707.2</b>	<b>539.6</b>	<b>513.0</b>
Exports/total Cdn. exports	18.5%	21%	17%	21%	20%	21%

Source: Statistics Canada

**Table 10**  
**U.K. Agriculture, Fish and Food Product Imports, 1982**  
**(EEC Versus Canada Market Shares)**

	Total Imports Value* (U.S. \$000)	Market Share (%)	
		EEC	Canada
Live animals for food	232,967	69.7	0.6
Meat and preparations	2,399,203	63.9	0.6
Dairy products	993,931	70.0	1.2
Fish and preparations	707,493	34.8	11.2
Cereals and preparations	962,398	45.9	28.2
Vegetables and fruit	2,814,755	46.8	1.4
Sugar and preparations, honey	751,771	24.3	0.3
Coffee, tea, cocoa, spices	1,264,326	5.9	*
Feeding stuff for animals	781,451	60.0	5.8
Miscellaneous edible products	317,004	79.8	5.5
Beverages	905,753	79.0	0.1
Tobacco	558,691	23.3	7.7
Hides, skins, furs, undressed	331,566	22.4	2.9
Oilseeds, oleaginous fruit	454,312	49.3	2.6
<b>TOTAL</b>	<b>13,475,621</b>	<b>50.2</b>	<b>4.1</b>

Source: United Nations, Commodity Trade Statistics (U.K.), 1982

\* Less than 0.1 per cent

## 1. Processed Foods

### Opportunity

Britain's food manufacturing industry is broadly based. The main processors are large British-owned conglomerates.

Experience has shown that British food processors have been quick to adopt new ideas and technology from North America. These trends have resulted in Canadian manufacturers taking up joint ventures in the U.K. which involved packaging from bulk. Despite the dominance of domestic manufacturers, a considerable range (approximately 30 per cent) of processed foods is imported.

Products classified in the processed food sector include meat and poultry, processed fruit and vegetables, dairy products, flour and breakfast cereals, bakery products (including biscuits), the beverages (distillers, brewers, wineries and carbonated beverages), and the miscellaneous food products group (which includes confectionery, vegetable oils and other prepared products, plus honey and maple products).

The principal Canadian processed food exports to the U.K. are indicated in Table 11 (*page 27*). The export declines in 1982 and 1983 can be attributed primarily to the rise in the exchange rate, which made Canadian products less competitive in the U.K.

Between 1967 and 1982, Canadian exports to the U.K. of processed food products rose 47 per cent, from \$78 million to \$115 million. However, when discounting for inflation, the real value of processed food exports to the U.K. showed a serious decline. At the same time, sales to other countries increased at a more rapid rate than to the U.K. Britain now represents 4 per cent of Canada's total processed food exports, compared to 17 per cent in 1967. The accession of Britain to the EEC can probably be attributed as the major factor in that decline.

Despite those difficulties, there are grounds for optimism about future sales to this market. Canadian exports of processed foods appear to have adjusted to the new trade environment and have stabilized at current levels. Opportunities in the processed foods sector exist for those traditional commodities noted in Table 11. Specialized opportunities exist for aged cheddar cheese and High Quality beef.

### Aged Cheddar Cheese

The U.K. is virtually self-sufficient in dairy products and can import other dairy products duty-free from EEC member states. One exception is aged cheddar cheese which is a unique product that cannot be matched in maturity and flavour by British producers. Canada is able to export a certain volume (2,750 tonnes) at a fixed low levy. Without an increase in this quota further Canadian exports are unlikely because of a prohibitive EEC tariff structure.

### Processed Meats

The U.K. domestic production of beef, pork and lamb supplies approximately 82 per cent of domestic con-

sumption of all meats and around 65 per cent of U.K. red meat consumption. The EEC regime for meats renders imports mostly non-competitive due to import tariffs plus levies, e.g., beef duty is 20 per cent plus a levy of approximately £0.6 per pound.

Canadian meat exports are traditionally based on offals (approximately 10 per cent of total U.K. imports). On animal health grounds, Canada is one of the few countries eligible to supply pork offals to the U.K.

Packing houses in Alberta have been the most active and aggressive in exploiting opportunities for High Quality (HQ) beef. In 1981, Canada won the right to participate in the 10,000 tonnes beef quota which is subject to specific requirements on feed and age of the animals. The HQ beef business requires a high degree of expertise to comply with the market requirements and to earn the considerable premium in an otherwise protected market. The duty on beef cuts is 20 per cent ad valorem.

### Other Products

There may also be opportunities for growth in selected categories for non-commodity products which have unique characteristics and can be marketed on a non-price basis. However, because of the wide variety of market conditions and competitive situations, assessments of prospects for such products must be done on an individual product basis. Canadian firms are encouraged to explore these market opportunities on their own, but also to consult with trade representatives at the Post, in Ottawa or in Regional Offices. Companies with products suitable for the British market may therefore also wish to take advantage of one or more export promotional activities sponsored by the Department of External Affairs.

Several Canadian companies have associations with British firms and other Canadian companies have direct trading links (e.g. Safeway Food Stores U.K., McCain Foods and Western Group). Canada Packers maintains a London sales office for frozen and canned foods, including fish products.

### Recent Canadian Marketing Activity

In order to establish a foothold in the retail, institutional or food service market of the U.K., it is important for Canadian processors to access the most productive and economical route for their products. The joint venture or licensing arrangement is a vehicle which can assist Canadian companies with their distribution, production and the necessary marketing services.

The pattern of the U.K. distribution system varies in proportion to the size of the producer and the buyer. The structure follows that of the large U.K. manufacturing conglomerates which have their own national distribution networks, direct to the central depots of the national food chains. This basic pattern is thus dictated by the food chains whose power is increasing as the number of buying points declines.



The main buying power in the processed food sector has gravitated to the southeast of England. Synonymous with this is the growth of the "private label" in the chains. Some chains practice a "Buy British" policy whereas others buy from the most competitive source — domestic and overseas.

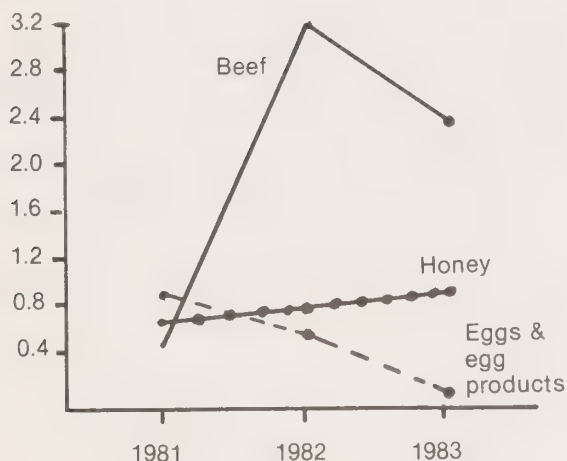
The distributive chain to the smaller buyers (i.e. voluntary chains, individual grocers, and department store food halls) is generally via wholesale merchants with warehouse and transport facilities. Smaller processors also utilize this part of the net-

work and a primary function of the wholesale merchants is to "bulk up" a miscellany of the smaller more specialty lines for delivery to the central depots of the food chains. In the specialty foods sector, there is a distribution network which accommodates smaller than normal deliveries, albeit contributing to increased costs.

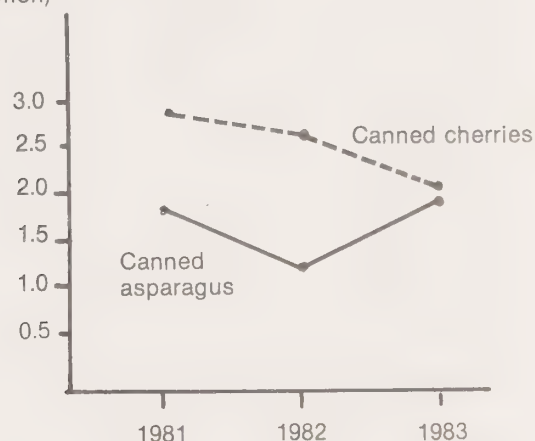
Importer/agents generally provide an across-the-board service to an overseas exporter. Only in rare exceptions does a major food chain directly involve itself in importing.

**Table 11**  
**Principal Canadian Processed**  
**Food Exports to the U.K., 1981-83**

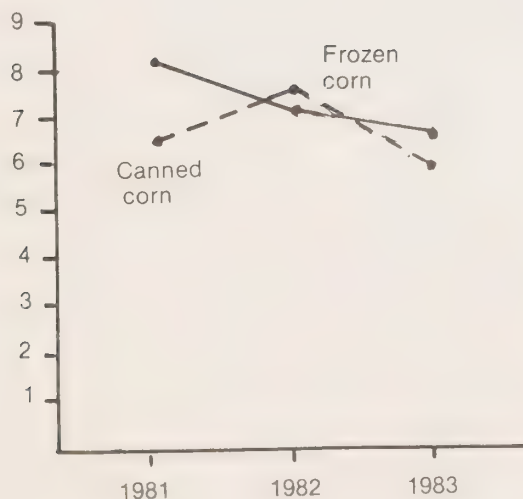
(\$ million)



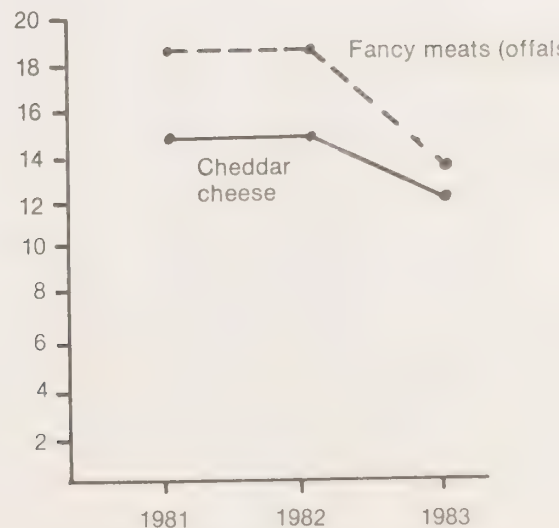
(\$ million)



(\$ million)



(\$ million)



Canadian promotional activity to date in processed foods has been concentrated on the major European food fairs (i.e. Cologne [ANUGA] and Paris [SIAL] in alternate years).

In 1981 and 1983, there was a Canadian presence at the International Food Exhibition (IFE) in Birmingham (1981) and London (February/March 1983). Past experience has shown that these events are invaluable for established Canadian firms to increase penetration of the market, to introduce new companies to the trade, and to make new contacts. In addition, support through other projects directly tailored to the needs of individual firms can be provided.

### Market Considerations

British accession to the EEC has given greater prominence to European products on the retail shelf, at the expense of previous Commonwealth suppliers. From Canada, the range of processed foods for manufacturing, institutional or retail use has steadily contracted due mainly to access problems related to high EC tariffs and/or levies, particularly for meats, sugar and grain related products. Another factor mitigating against Canadian exports to the U.K. has been Canadian raw material costs, which frequently exceed world prices.

Some of the access problems related to price competition are worsened by adverse dollar/pound exchange rates. The main price competition is from EC countries who have no customs charges on entry, and from developing or associated countries who have arranged for lower duties.

Packaging and labelling regulations for imported processed foods are generally, however, not restrictive.

### Competition

The large British-owned conglomerates i.e. Unilever, Imperial Foods, Bibby and Sons, the milling groups Ranks, Spillers, etc., and the U.K. subsidiaries of major U.S. conglomerates General Foods Ltd., General Mills Ltd. are major competitors in the U.K. to Canadian products.

Major supplying countries with a market identity in processed foods are France, Denmark, Holland, Germany, Eastern European countries, Spain, Italy and to a lesser extent, the United States. Many of these, including the U.S., continuously promote their national image through their food promotional centres in the U.K.

## 2. Agricultural Products

### Grains and Oilseeds

Canada has long been a traditional supplier of grain and grain products to the U.K., but exports are now limited to the supply of hard milling wheat, some grain by-products including pelleted screenings, and a limited amount of malting barley.

There has been spectacular growth in the domestic U.K. rapeseed crops, with the result that U.K. crushers turn to imported supplies only when EEC supplies are exhausted. Small quantities of flaxseed and mustard seed have been imported from Canada.

### Fruits and Vegetables

The U.K. has also been a traditional market for Canadian apples, and is our second principal market (after the United States) for red skinned varieties.

The McIntosh variety is preferred in northern England, Scotland and Northern Ireland and is sold mainly via wholesalers /independents to the green-grocers. Supermarket chains operating in southern England tend to prefer Red Delicious and in recent years the Spartan variety, and there are occasional sales of Ida red and Rome through the greengrocer shops.

Domestic production of fresh onions has been increased in an effort to reduce imports, but there is a continuing demand for Canadian yellow bulb onions, with the U.K. accounting for over 20 per cent of Canadian exports in 1982 and 1983.

There are also opportunities emerging for fresh or frozen blueberries. A major promotion, sponsored jointly by the blueberry industry, the federal and

**Table 12**  
**Exports of Selected Agricultural Products to the United Kingdom,**  
**1981-83**

	(\$000)		
	1981	1982	1983
Purebred cattle	952	172	1,366
Live animals, other	150	134	1,588
Animal semen	504	553	1,783
Apples	13,174	10,064	7,010
Fresh vegetables	785	993	1,223
White pea beans, dried	11,200	14,013	13,432
Pulses, other	3,308	3,642	4,380
Vegetables dried, NES	2,192	1,804	1,118
Animal feeds	4,866	6,523	8,735
Unmanufactured tobacco	67,006	54,176	39,990
Fur skins	17,962	11,719	7,561
Forage seed	2,996	3,512	1,965

Source: Statistics Canada



provincial governments was held in London in early 1984 to develop more interest in blueberries for the hotel and restaurant trade.

While there are limited subsidies and few protections against imports in this sector, the main exception is potatoes. There are guaranteed floor prices and imports are protected mainly by plant health regulations. In 1983–84, European crop shortages led to a very firm supply situation as a result of which Canadian exports have been fully taken up.

### **Livestock Genetic Material**

U.K. livestock producers have been forced by sharply increased costs of production to source higher yielding and more efficient bloodlines. Canada is a prime source of supply, based on highly efficient, high producing animals, and an excellent Record of Performance system.

Imports of purebred dairy cattle by the U.K. were resumed in 1980 after a three year prohibition (due to the blue tongue situation in Canada) and have grown steadily to a value of \$885,000 in 1983. U.K. dairy semen imports have grown steadily from \$3.7 million in 1978 to over \$9 million in 1983.

Canadian beef breeding stock sales to the U.K. reached \$491,000 in 1983, the best year since resumption of imports. Beef semen imports have remained relatively stable, averaging about \$1.5 million per year.

There is strong competition in the beef cattle sector where the large continental breeds, e.g., Charolais and Simmental, are making inroads in the U.K. However, Canada is producing these breeds as well, and because of unique conditions and breeding programs Canadian animals are as good or better than those from Europe.

The United States faces animal health restrictions against its exports to the U.K., giving Canada some advantage. While some health problems do exist and import requirements are strict, Canadian exporters have been able to meet them successfully.

More intensive promotional activities began several years ago with information exhibits at the Royal Highland Show in Glasgow and the Royal Agricultural Fair in Kenilworth. These were designed to supplement the long-standing practice of bringing prospective buyers to the Royal Winter Fair (Toronto), Agribition (Regina) and on specific missions.

### **Pulse Crops**

The United Kingdom has been, and should continue to be a significant market for Canadian white pea beans. In 1983, this trade amounted to \$13.4 million. Demand for yellow whole or split peas, exports of which amounted to \$4.6 million last year, is limited, but stable.

### **Tobacco**

Canada has traditionally supplied a significant proportion of the U.K.'s unmanufactured tobacco requirements, and the U.K. remains the largest

single export market for Canadian leaf (worth \$40 million in 1983). A continuing, albeit declining, requirement for Canadian flue-cured tobacco is anticipated.

## **3. Fish and Fish Products**

### **Overview of Demand and Supply Factors**

The United Kingdom fishing industry over recent years has experienced problems, the most notable being the loss of Icelandic and other waters to the distant water fishing fleet. A gloomy future looks likely to persist for the British fishing fleet, notwithstanding the establishment of a Common Fisheries Policy which may, to some degree, help to stabilize the situation.

In the meantime, the U.K. consumer continues to require a large volume of fish, particularly white fish such as cod. Sufficient supplies of the latter are no longer obtainable from domestic landings. Imports, therefore, are essential to meet consumer demand.

The U.K. fish processing industry continues to demand regular supplies of imported fish. U.K. companies involved with the marketing and processing of fish are many and varied, ranging from major processors like Birds Eye, Findus and Ross through smaller processors (Brekkes, Bluecrest), and canners (Mac Fisheries, British Fish Canners) to smaller importers and brokers.

During the 1970s, per capita consumption of fresh, frozen and canned fish in the U.K. declined by approximately 13 per cent from 8.8 kg per year to 7.7 kg per year. Demand for shellfish and canned fish products fluctuated only marginally. Figures for 1980 to 1982 indicate that household consumption of fish per capita per week in the U.K. has continued the trend recorded during the 1970s.

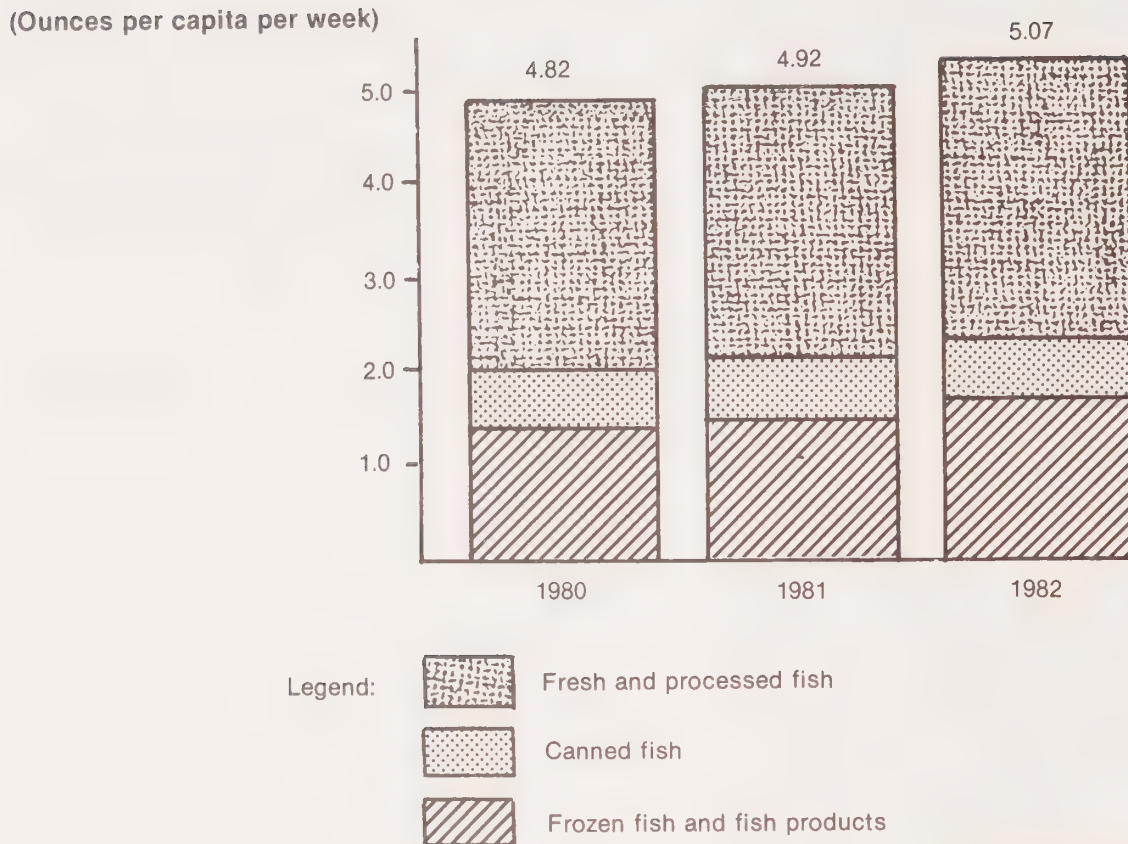
U.K. fish sales continue to be dominated by a few traditional items; cod remains "king" with the British homemaker. New frozen fish-based products have been developed, as have fish "fingers" produced from species other than cod. New frozen food products have also been developed to capitalize on the demand for convenience foods.

Major imports by species are outlined below.

*Cod* is imported mainly as fillets, skin on and skin off, blocks and laminated blocks. Import requirements of *haddock* enter as fresh round and frozen fillets. A limited amount of top quality *hake* is imported in the form of frozen fillets, or headless and gutted.

Depleted *herring* stocks and the total closure of the North Sea Herring Fisheries in recent years necessitated significant imports. Herring stocks have now recovered to some extent, with limited fishing in the North Sea and a considerable herring fishery off Northwest Scotland. Requirements for future imports will, therefore, very much depend upon the quality of domestic landings. The domestic market for *mackerel* is very limited and unlikely to change extensively.

Chart II  
Consumption  
(Ounces per capita per week)



Source: U.K. Government estimates

There are major imports of frozen and canned *salmon*. *Redfish* and *halibut* imports have been very small.

*Shellfish* remains in good demand in the U.K. *Live lobsters* are normally in a competitive position outside the domestic season. *Crab* is in good demand but U.K. importers are turning to new sources of lower-priced canned crab. *Shrimp* (prawns) has been in short supply in Britain and demand is usually fulfilled with the warm-water species.

#### Market Potential for Canadian Exports to the U.K.

The immediate market in the U.K. is likely to continue to be for semi-processed products. To increase the Canadian market share, Canadian products must compete in price, continuity of supply, standards of packaging, and above all be of consistently high quality.

Market penetration by Canadian companies with value-added products has been limited, although the potential remains high in the long term. This segment of the British market demands a high-quality, attractively packaged product which can be sold in supermarkets. High tariffs, however, make market penetration difficult.

Demand for Canadian fish and fish products varies in relation to British domestic supply, other sources

(e.g., Norway, Iceland and some EEC countries) and the Canadian dollar/pound sterling exchange rate.

*Cod* remains the most popular species among British consumers. Provided that the Canadian price remains competitive, exports of Canadian cod are expected to increase.

There should be some small potential for *haddock* for Canadian exporters in frozen round, or frozen fillets, subject of course to the price, tariff and quality constraints which hold for cod.

Consumption of *herring* has been declining because of higher prices and lack of availability over recent years. High prices also turn consumers to other products from which they may not be won back. Requirements for Canadian herring will vary in relation to the quantity and quality of U.K. herring landings, demand for herring substitutes, and price.

Frozen and canned *salmon* are Canada's major fish exports to Britain. Frozen salmon enters under a duty of 2.8 per cent. Some inroads may be made with such specialty items as *smoked salmon* and *salmon roe*.

A major factor likely to mitigate against the continuing increase in Canadian frozen salmon exports will be the degree of U.K. consumer acceptance, and the production economics, of farmed salmon in the U.K. and Norway.



The outlook for sales of Canadian *canned salmon* is promising, with red salmon preferred and demanding a premium price. The market appears to have overcome the U.S. botulism scare of 1981.

Canada supplies a high percentage of the U.K. import market for *live lobsters*. Lobster will always have a specialized market that is likely to grow only slowly, unless disposable incomes rise faster than expected. A small market exists for *frozen lobster meat*, frozen lobster in the *shell* and *canned lobster*.

Demand for Canadian Atlantic *queen crab* is dampened by high Canadian prices and the introduction of imitation crab products (i.e. surimi).

The potential for Canadian *cold-water shrimps* is limited by price barriers. High import duties (12 per cent) and freight rates, together with movements in U.K. exchange rates, make the Canadian shrimp expensive.

### Canadian Marketing Activity in the U.K.

With the extension of Canada's national fishing jurisdiction to 200 miles, the implications for the marketing of Canadian fisheries products changed dramatically. With the improved supply position, there was a pronounced interest in the export potential for Canadian fish.

The U.K. market for fish and fish products has been surveyed by the Post, by individual companies, and by other visiting Canadian groups. The Department of Fisheries and Oceans' Worldwide Fisheries Marketing Study with reference to the U.K. was carried out in 1979, and revised again in 1980.

Demand for Canadian fish and fish products has tended to date to remain concentrated on the traditional preferences of the British consumer, i.e. salmon, cod, herring and shellfish.

Canadian companies active in fish product exports to the U.K. include large and medium-sized firms such as National Sea Products, Fishery Products International Ltd., and Mersey Seafoods on the east coast; major canning and salmon companies on the west coast such as B.C. Packers. Smaller enterprises and brokers are as well engaged in the market. Trading is by normal export/import procedures and several Canadian companies have established subsidiaries, associates or agents in the U.K.

Eight Canadian fishery companies were represented at the International Food Exhibition (IFE) in London in 1983. The exhibition was an outstanding success, with Canadian companies anticipating increased sales as a result.

Future participation by Canadian fish companies in trade shows, including IFE '85, should include representatives of both east and west coast fishing interests. Although participation in trade shows by trade associations (e.g., Canadian Association of Fish Exporters, British Columbia Seafood Exporters Association) is to be encouraged. Individual companies capable of exporting products on a regular basis should try to send a representative to be a part of their Association's exhibit. Firm sales can only be negotiated on a company-to-company basis.

Participation in a trade show by a company with an established trading pattern or firm buying connections should be considered for promotional purposes. It should not be regarded as adversely affecting their position with other British contacts.

Representation at U.K. trade shows should continue to include companies trading in well-established species (e.g., cod, salmon, shellfish) but also companies with attractive lines of lesser known and specialty products (e.g., smoked salmon, white fish "caviar").

**Table 13**  
**Major Canadian Fish Exports to U.K., 1981-83**

	1981		1982		1983	
	M Tonnes	(\$000)	M Tonnes	(\$000)	M Tonnes	(\$000)
Salmon (fresh/ frozen/canned)	9,629	64,493	6,233	43,575	10,382	68,515
Cod (frozen/salted)	6,820	13,281	8,013	16,426	10,071	15,345
Herring (frozen/ canned/marinated)	4,045	5,619	1,734	2,366	1,465	1,777
Lobster (live/ frozen/canned)	358	2,992	348	3,729	203	2,116
Shrimp (fresh/frozen)	1,165	7,610	701	5,502	534	3,489
Crab (fresh/frozen/ canned)	961	7,100	525	6,283	405	5,438
<b>TOTAL</b>	<b>22,978</b>	<b>101,095</b>	<b>17,554</b>	<b>77,881</b>	<b>23,060</b>	<b>96,680</b>

Source: Statistics Canada

Preliminary investigation of the market, either on their own or using PEMD or other assistance, is recommended to confirm there is a market potential for a particular product.

Since 1981, some 30 Canadian fish companies, representing a variety of fish and fish products (ranging from industrial cod blocks, salmon and smoked fish to live lobsters and freshwater fish) have participated in visits to the U.K. under PEMD.

## Market Considerations

### Tariffs

Imports into the EEC are governed by the Community's Common Customs Tariff. Tariffs vary according to species, with further processed products normally being subject to considerably higher rates of duty than for fresh and frozen products. (For individual tariff rates contact the European Community Relations Division of DEA. See listing in Appendix H.)

Under the Canada-European Community Long Term Fisheries Agreement (LTA), Canadian exporters of various cod, redfish and herring products will have access to Community tariff quotas at reduced rates of duty until 1987. Through the internal allocation system of the Community, approximately one-half of the frozen cod and redfish exports will be allocated to the British market.

The reduced tariffs for frozen round cod and redfish, as well as for frozen cod fillets, are applicable only to exports intended to undergo further processing. However, in the case of frozen cod fillets in package sizes of at least 4 kg in 1984-86 and at least 2 kg in 1987, the end-use requirement will now be considered to have been met by virtue of the package size. This should encourage sales to the hotel, restaurant and institutional trade and thus represents a major

new benefit for Canadian exports taking advantage of the terms of the LTA.

### Pricing

In general, demand for Canadian fish products depends on one major factor — price, which is in turn affected by the value of the Canadian dollar relative to the pound sterling. Canadian producers have to compete by offering delivered prices, which include transportation and tariffs, in line with the practices of other suppliers.

### Quality

The U.K. fresh fish and processing industry demands products of consistent high quality. Consumers are accustomed to it and Canada's chief competitors are obligated to supply fish products meeting high standards.

There have been some quality-related problems with Canadian fish and fish products in the past, but a determined effort by Canadian fish processing companies has been made to improve quality.

The Department of Health and Social Security (DHSS) is the U.K. government authority responsible for health standards and the administration of the officers who carry out inspections. Quality and other standards for fish and fish products fall within the responsibility of the Ministry of Agriculture, Fisheries and Food (Food Standards Division). In 1982 DHSS was responsible for initiating new inspection procedures (which are still in place) for canned salmon originating from Canada and the United States. This was a specific response to one botulism incident in Belgium involving an infected can of salmon from a U.S. plant. Gaefkaemia disease in live lobsters has also necessitated new U.K. import regulations.

**Table 14**  
**U.K. Imports of Fresh and Frozen Cod, Herring,**  
**Salmon and Lobster by Country of Origin, 1982**

(Metric tonnes)						
	Cod	Herring	Salmon*	Lobster	Total	% Total Imports
CANADA	9,200	2,000	7,600	100	18,900	16.7
Netherlands	5,100	900	—	—	6,000	5.3
Iceland	18,200	3,500	—	—	21,700	19.1
Norway	13,100	—	1,000	—	14,100	12.4
Denmark	16,500	600	100	—	17,200	15.2
Ireland	4,900	2,900	400	—	8,200	7.2
West Germany	7,400	—	—	—	7,400	6.5
France	—	500	—	—	500	0.4
U.S.	—	—	10,800	—	10,800	9.5
Faroes	—	—	300	—	300	0.3
U.S.S.R.	—	—	1,500	—	1,500	1.3
Others	5,300	800	700	—	6,900	6.1
<b>TOTAL</b>	<b>79,700</b>	<b>11,200</b>	<b>22,400</b>	<b>100</b>	<b>113,400</b>	
<b>% Canadian</b>	<b>12.1</b>	<b>17.9</b>	<b>33.1</b>	<b>100.0</b>	<b>16.7</b>	

Source: British Import Statistics, 1982

\* Salmon imports are primarily canned and frozen.



## Labelling

EEC rules require that the great majority of food-stuffs be labelled with the name of the food, its weight, an ingredient list, a date mark, any special storage conditions or conditions of use, and the name and address of the manufacturer or packer.

## Competition

Of the EEC suppliers, the Netherlands ranks first, followed in volume terms by Denmark and Iceland. Outside the EEC, Norway, Iceland, the U.S. and Canada are the preeminent suppliers.

In specific terms, Norway, Iceland, Denmark and the Netherlands are major suppliers of cod mainly in industrial blocks. Supplies of shrimp from Greenland, for example, are usually cheaper than from North America. Warm water shrimp species are imported from Malaysia, Thailand and Pakistan. Since the decrease in the catch of Alaska crab (King crab), the price of Canadian crab has increased considerably, with Japan and Thailand now being the main suppliers.

## E. THIRD COUNTRY OPERATIONS

### Overview

Besides its importance as the focus of the British economy, London is a centre of world business. It is a source of market intelligence, decision making, influence, finance and other services, and is under-utilized by Canadian business in expanding Canada's involvement in the major capital projects and import programs of Africa, the Middle East and Asia.

London remains an important world financial centre with more than 450 banking organizations and a plethora of other financial institutions offering a wide range of corporate and trade finance facilities, services and advice. These are complemented by services in commodity broking, foreign currency dealing, insurance, contracting, shipping and trading.

London is also the hub of a broadly based consulting fraternity with long experience in the vagaries of operating in third country cultures. It is the centre of a significant equipment supply capability which is complemented by aggressive, tenacious and flexible marketing both directly by equipment manufacturers and by world-wide trading corporations which have long operated in Africa, the Middle East and Asia.

A legacy from Britain's colonial and commercial past is the substantial foreign communities resident in London. Quite apart from the successive waves of African, Asian and Middle Eastern people who have immigrated to Britain since the Second World War, there has been a flow of highly practised businessmen, traders, investors and decision-makers who have arrived and plugged into world business through London's facilities.

The attractions of Britain have ranged from common education and perceived cultural ties to the recogni-

tion of the exceptional facilities for continuing or complementing international commerce from a base in London. In the latter respect, the very factors which have attracted these entrepreneurial groups to London have, in turn, been enhanced and broadened by their arrival.

Joint Canadian and British trade and investment interests, dating back many years, have ensured a long-standing Canadian business presence in London. The first offices of the Canadian banks, life assurance companies and transportation companies date from the 1890s. Building on this base, there is now a sizeable Canadian community dealing in all aspects of banking, finance, investment, transport, insurance, metals and minerals, agricultural commodities and legal fields. The orientation of this presence has grown largely along a Canadian/British axis or has been focused on the business of London itself, whether through the London Metals Exchange, the Baltic Exchange or the various foreign exchange, Eurodollar and bond markets.

More recently, however, the value of Third Country operations out of London has begun to be recognized. The Canadian banks for some time, have controlled their European, African and Middle East operations from London. Other service industries, the resource industries and, more recently, some manufacturers and project-oriented consultants have established offices in London in support of Third Country marketing objectives, including such firms as SNC, Monenco, Congas, Northern Telecom, Champion, Scepter, Mitel and Extendicare. London's various business communities provide these firms with an invaluable complement to their more traditional marketing activities.

### Third Country Program

Penetrating these British business "communities" and using them in support of Canadian interests is the essence of the Third Country Program at the Canadian High Commission in London. The Program was formally established in 1977 in the wake of the rapid escalation of petroleum prices and the decline of Beirut as the focus of Middle East trading activities. The extraordinary project development activity in the Middle East through the mid 1970s, combined with London's role in the financial world and the huge influx of Arab businessmen, made London the logical focus for Canada's Middle East Task Force activities.

The Third Country Program has matured and broadened since 1977, not only as a result of the decline in the relative importance of Middle East projects, but also from a recognition of African and Asian opportunities.

Primarily, the Canadian High Commission concentrates on developing contacts for markets where there is a coincidence between a sizeable market of interest to Canada (i.e. construction, consulting ser-

vices or capital project opportunities), a strong British connection, and/or a substantial London community.

The Post monitors situations such as reconstruction in Lebanon, the economic integration of Hong Kong into Southern China, or developments in Iran. Contacts for Canadian companies can be made with institutions providing specialized support services, including the structuring of sophisticated project financing, political risk insurance, countertrade facilities or trading house access to effective shipping, distribution and payments channels.

The Canadian High Commission helps in linking up Canadian consulting engineers and Canadian trading houses with prospects for their specialized services in Third Countries, through co-operation with U.K. partners or clients.

Canadian firms should not look upon the British capabilities solely as competition. British skills must be examined closely in order to identify complementary areas where long-standing British experience and sophistication of approach to difficult markets can be harnessed to match Canada's competitive technical expertise and products.

In this regard, close working relationships with purchasing officials at British Crown Agents and the Commonwealth Fund for Technical Co-operation help to ensure a continued flow of information on tenders of relevance to Canadian interests.

The Third Country Program is likely to serve best the interests of Canadian exporters where opportunities and problems can be presented in specific terms, where broad objectives are known and where there are specific needs requiring service.

### **Specialized Financial Services**

Special reference must be made to the role of London's merchant banking services in relation to the development of major capital projects in Africa, Middle East and Asia. These markets are recognized as the major growth markets for consulting services and for capital equipment manufacturers, particularly in the infrastructure and natural resource fields.

In the high risk environment of many of these promising markets, access to large scale projects is no longer ensured by the technical/commercial approaches of the past. Increasingly, large projects are being broken down into multi-country packages requiring sophisticated financial structuring. Marketing strategy is typically founded not on a technical/commercial proposal, but rather on a financial framework around which the technical/commercial elements can evolve, and from which can flow detailed project definition, and corresponding plans for equipment sourcing and specific loan agreements.

London's merchant banks are uniquely prepared to contribute to this process. In contrast to the asset-oriented commercial banks with which Canadian businessmen are more familiar, these highly sophisticated institutions normally have modest capital

bases, minimal retail deposits and generally are not overly concerned with the lending of money. The major attribute of the project-oriented banks is their aggressive, yet sensitive and flexible approach to an unstructured opportunity, and their sophisticated knowledge of foreign business and financial environments in relation to the project development process. While they can and do provide a wide range of financing instruments, they tend to emphasize services that produce fee income earned as financial intermediaries. These houses might be viewed as the quintessence of long-standing British trading expertise.

Support services are provided by either Canadian banks in Canada and abroad, or the technical/commercial efforts of Canada's project exporting community, including Canadian based trading companies. They do, however, provide an increasingly vital element in the approach which a Canadian team must adopt in the pursuit of many African, Middle East and Asian markets.

Canada's Export Development Corporation (EDC) has established strong links with "The City" (of London), and between "The City" and specific Canadian project exporters. Increasingly, frequent meetings in London between EDC and Canadian and British banks through 1983 and early 1984 have led to a program of seminars and focused discussions which will continue to be aimed at:

- (a) identifying major project opportunities;
- (b) making Canadian interests more effective in their pursuit of opportunities by offering specific export financing and insurance services in support of the sale of Canadian goods and services; and
- (c) where appropriate, developing joint Canadian/British approaches to selected Third Country markets.

British engineering consultants are an invaluable source of information on prospective major project opportunities in Third Countries. However, they are unlikely to be a point of influence in steering the strategy of project development towards including a Canadian component. Their market intelligence has generally been shrouded in commercial confidentiality. Combined with their strong, pro-British orientation, it is likely that their usefulness will be limited to situations where information is required for a specific project on which they are already working. This in turn points to the need for a more active role by Canadian consulting engineers in establishing the links between the Canadian and British contractors.

Although Canadian trading companies could also benefit from some associations with British-based consultants and trading houses/project managers, Canadian trading companies are nonetheless encouraged to actively pursue this Third Country market as well.



## F. TOURISM

### Overview

The tourism sector in Canada is composed of five interrelated subsectors: accommodation, food service, transportation, attractions and events, and tourism distribution and sales. It is a sector that is largely Canadian-owned, and numbers over 100,000 businesses across the country, most of whom are small.

In 1982, revenue from offshore visitors to Canada was \$1.3 billion, of which 12 per cent or \$161 million could be attributed to the United Kingdom. Canada's current market share in long-haul traffic from the U.K. is 17 per cent and is 25 per cent of all overseas visitors who remain more than 24 hours.

The 24 members of the Organization for Economic Co-operation and Development (OECD) accounted for 67 per cent of the world's total international tourist arrivals in 1981. The general prediction of the OECD December 1983 report was that the economic recovery in Europe was "modest" and that real GNP growth by mid-1985 would likely be some 3 per cent higher than in mid-1983. Most, if not all, OECD countries are likely therefore to experience increases in international tourist arrivals, receipts and expenditures.

### Opportunity

In international tourism, the United Kingdom is the third biggest export market in the world. In 1981, Britons made 19 million trips abroad spending over \$7.5 billion amounting to 6.7 per cent of the total world expenditures of \$112.3 billion on international tourism excluding international fares. The enormous importance of the British tourism export market is further reflected by the fact that in the 1971-81 ten-year period the number of trips abroad by Britons doubled, from 9.5 million in 1971 to 19.0 million in 1981. In the same period their tourism expenditures multiplied almost seven times from \$1.1 billion to \$7.5 billion.

Canada has benefitted from the U.K.'s travel propensity as there is a strong ethnic affinity between the United Kingdom and Canada. An estimated 1 in 6 of the U.K. population has friends or relatives in Canada. The United Kingdom is thus Canada's largest offshore tourism market.

In the 1971-81 period, the number of visitors from the United Kingdom to Canada increased 260 per cent, from 150,251 to 540,588. Their expenditures in Canada, excluding airfares, increased from \$42 million to \$169 million in the same period. In 1982 and 1983, the number of visitors declined to 474,097 and 400,925 respectively, due in part to the recession and a strong Canadian dollar. A turnaround is expected as the economy continues to recover.

On the average, a British tourist spent \$377 and stayed 14.5 days in Canada in 1982. Of the total number of visits by Britons in that year, 50 per cent were to Ontario, 20 per cent to British Columbia,

12 per cent to Alberta, 9 per cent to Québec and 9 per cent to other provinces.

### Recent Canadian Marketing Activity

In recent years, joint marketing programs have been developed in order to minimize the individual partner's (federal, provincial, private sector) costs and to maximize the total impact of efforts to promote Canada as a travel destination to U.K. visitors.

Provincial governments have made considerable investments in promoting tourism in their own provinces, and these have complemented the efforts of the federal Tourism Canada offices.

Each spring, Tourism Canada organizes Rendez-Vous Canada, a marketplace for buyers of Canadian tourism from the U.S. and the overseas markets. Of the 164 buyers from overseas markets at the 1984 event there were 19 from the U.K. market. Held in a different Canadian city each year, the 1984 marketplace took place in the National Capital Region (Ottawa/Hull). The 1985 Rendez-Vous Canada will be staged in Edmonton from April 28 to May 1.

The present delivery and growth potential of the U.K. market has resulted in dramatically increased activity in the market by Canada-based interests. Marketing strategy and promotional efforts for the U.K. are often co-ordinated through the 22 member consortium, Canadian Holiday and Travel Associates. (Membership in this consortium is extended to the Canadian High Commission in the U.K.)

During the period November 30-December 4, 1983 overseas buyers and sellers of tourism products and services met at the Olympia Exhibition Halls in London to participate in the World Travel Market Show. At the 1983 exhibition, 28 Canadian organizations promoted their products/services to some 22,600 visitors, of which 7,700 were travel consumers and 14,900 represented the travel trade.

### Market Considerations

Research among long-haul holiday-makers from the U.K., undertaken by the firm, Research Services Limited, in Spring 1982, showed that Canada still ranked highest in many respects as a tourism destination. Canada was rated first of seven destinations for outstanding scenery, a quiet and unspoiled atmosphere, and variety of outdoor experiences. The target group also placed Canada top of the list for stable political situation and simple entry formalities for visitors.

Further research shows that the primary market for U.K. travel to Canada is concentrated in the higher socio-economic groups. More than 50 per cent of this group are over 35 years old and childless. However, there is some evidence that an increasing number of younger people are travelling to Canada.

Visiting friends and relatives (VFR) was found to be the predominant motivation for visiting Canada. Nevertheless, those visiting were found much more likely than in previous years to stay in forms of

accommodation (hotel/motel) other than a friend's or relative's house.

Canada was seen as a suitable place to visit relatives, but lacking exciting events and attractions, with little of the city night-life usually found in a pure holiday destination. Thus, for British first-time visitors, Canada was not associated with activities such as dining out, a visit to the theatre and shopping. On the other hand, those who had visited Canada were much more likely to associate Canada with these activities.

The British consumer has, however, weak images of Canada in the following areas: reliability of weather; interesting local people; good beaches; historical and cultural interest; "different" culture; and exotic and exciting atmosphere. It was found that Canada's "Great Outdoors" image (winter sports, fishing, camping, etc.) appeals to only a minority of long-haul holiday makers in this market.

The youth/student market, approximately 30 per cent of the U.K. travel market, consists of school groups, individually booked adventure or camping groups, and youths travelling independently, using bus or rail passes and staying in hostels or residences.

The development of the youth market is hindered by the high cost of transportation to Canada and by rigid requirements for fixed dates of return on discount-fare plans. Youths tend to travel without itineraries; so fixed return dates do not appeal to them. Therefore, it is difficult to develop tour packages for this market segment.

London is a major centre of international commerce, and there are hundreds of head offices of large firms and international associations in and around the capital. London's importance, combined with the VFR (Visiting Friends and Relatives) factor, and Canada's abundance of resorts and meetings and conference facilities, means that the United Kingdom's meetings and incentive travel market potential is also very high.

With supplemental and scheduled carriers, Canada is easily accessible by air from the U.K. The practice of co-mingling (mixing of outgoing and returning passengers) and "open jaw" charters (entering at one point and exiting from another) when combined with promotional fares, seat sales and "skybus" fares all work to Canada's advantage vis-à-vis the U.K. market.

### **Competition and Competitor Activity**

For Canada, vis-à-vis overseas tourism markets, the United States is, and will be in the foreseeable future, the biggest competitive challenge. Contributing factors are:

- constant and ever present awareness world-wide of the United States because of its capacity to generate news;
- the image of being a rich and diverse country, and the subsequent lure of economic opportunities for people overseas;

- significantly cheaper airfares and a vastly greater number of direct international flights to/from most overseas markets;
- greater number of major attractions (e.g. Disneyland and Universal Studio);
- world's number one financial/business and cultural centre in New York City, and the regional ones in Miami, Houston and Los Angeles;
- year-round mild climate in Florida, Arizona and California with their well developed tourism attractions;
- significantly greater financial resources, spent by major cities, states and the federal government, not to mention by major airlines, tour operators and other trade components on tourism promotion overseas.

The United States Travel and Tourism Administration (USTTA) recently reopened its public enquiries service in London, thus removing a noticeable advantage Canada's national tourism office enjoyed in reputation of assistance to the consumer. The State of Florida's Division of Tourism has also opened a London office to work more closely with the British Travel trade.

There are 158 countries represented in the United Kingdom, 88 national tourist offices, and more international carriers represented than anywhere else in Europe. In 1983, all those national tourist offices from other countries spent £13.9 million on tourism advertising. Of the main advertisers in the U.K. after the English Tourist Board, Spain was first, Greece second, Morocco third, South Africa fourth and Canada fifth.



### III. OVERVIEW OF THE U.K. MARKET

#### OBJECTIVE

The present document is part of a new series of market reports for Canada's priority markets, replacing the previous Export Development Plan series. CANADA'S EXPORT MARKET REPORT ON THE UNITED KINGDOM:

- outlines market opportunities in the U.K. for the Canadian exporter to take advantage of existing opportunities and overcome the constraints to Canadian exports to the U.K.;
- can serve as the basis for co-operation and discussions aimed at enhancing the marketing activities of the federal government, the provinces and the private sector.

#### THE CANADA-U.K. ENVIRONMENT

Even though the U.K. remains Canada's third largest bilateral trading partner and most important customer in Europe, Canadians must appreciate the reality of the U.K.'s greater involvement in Europe, and intensify efforts to promote effective trading relationships with the U.K.

Canada's preferred access to the U.K. market is a thing of the past. The product and the price must now overcome Common Market tariffs and possibly other trade restrictions and still be competitive with high quality European goods and services which may enter the U.K. on a duty-free basis.

Generally, attitudes toward doing business with Canada are positive but misconceptions of Canada as essentially a supplier of industrial raw materials, forest products and grain are still widely held. Similarly, some Canadians have equated the U.K. with outdated, inefficient industrial processes and are not making themselves aware of the scale of the transformation taking place.

These stereotyped impressions are breaking down and more realism is developing in the relationship. However, the degree and diversity of trade interdependence remains far below potential.

The U.K. has continued to be an important centre for third world countries' transactions because of its strong, world-wide ties in the commercial, political and financial fields. Canadians must be responsive as well to these lucrative opportunities.

#### CHARACTERISTICS OF THE U.K. MARKET

##### 1. Population and Environmental Characteristics

The United Kingdom (England, Wales, Scotland and Northern Ireland) covers an area of just over 244,000 km<sup>2</sup>. With a population of nearly 56 million, it has a density of 230 people per square kilometre (one of the world's highest). The labour force num-

bers some 26 million — 16 million men, 10 million women — of whom 9 million are employed in manufacturing industries.

The U.K. is under 1,000 km from the south coast to the extreme north of Scotland and 500 km across at the widest point. Transportation facilities and services are excellent with major sea ports in London, Liverpool and Southampton; a railway system between all main cities and towns; probably more kilometres of roadway for its area than any other country and numerous international and domestic airports.

Important population/marketing areas include: Greater London (7 million), West Midlands (2.4 million), Greater Birmingham (2.3 million), Tyneside (Newcastle) (797,000), West Yorkshire (Leeds and Bradford) (1.7 million) and Southeast Lancashire (2.4 million). In England, approximately 4 out of 5 people live in urban or suburban areas, while in Scotland and Wales the number of city dwellers is not so high. In Northern Ireland the proportion living in cities and rural areas is about equal. Population growth has been low at less than 0.5 per cent.

Eighty per cent of the land is developed for agriculture. Major natural resources include: offshore oil (2 million barrels per day — 1982), gas (1.4 million cubic metres) and coal (127 million tonnes — 1982 output).

*See Appendix A for further information.*

##### 2. Economic\*

The U.K. Gross Domestic Product (GDP) in 1982 was £233 billion, thus ranking fifth in size among Western nations, although 23rd in terms of per capita GDP.

The service industries, such as professional, scientific, insurance, banking, finance and distribution account for 60 per cent of GDP, while manufacturing represents 25 per cent. Private industry produces three-quarters of GDP, with the remainder, including most of the energy, steel, transport and communications sectors, under government ownership.

The growth of offshore oil and gas industries, the rapid development of electronic and micro-electronic technologies, and the continuous rise in the service industries have been the most prominent recent trends.

Britain is a trading nation exporting over 30 per cent of its production of goods and services, placing it fourth in world exports (5-6 per cent of the total world exports).

Economic recovery started in mid-1981 and strengthened through 1983 to produce a real increase in GDP close to 3 per cent. The immediate outlook is for continued growth at about the same rate. Over

\* Unless otherwise indicated, economic values are expressed in pounds sterling (£) or Canadian dollars (\$). The exchange relationship used herein is that of the average rate for 1983 where \$1.00 Canadian equalled approximately 0.5355 pounds sterling (or 1£ = \$1.87)

the longer term, the level of investment will be critical to securing a broad base for sustained improvement. With this in mind, the present government is aiming to reduce public sector expenditures as a percentage of GDP in order to relieve pressure on capital markets and facilitate access to finance for the private sector.

The fall of inflation from 20 per cent in 1980 to 5 per cent in 1983 has been a substantial achievement that the U.K. government will wish to consolidate. Another positive feature has been the rapid rise in labour productivity, especially in manufacturing. However, unemployment, currently over 12 per cent, is a major concern. Many observers feel that there is little prospect that it can be reduced in the near term. The central policy issue is to achieve non-inflationary growth consistent with reducing unemployment over the medium term.

### **3. Trade Policy and Characteristics**

Foreign trade is within the competence of the European Economic Community (EEC). Therefore, when the U.K. joined the EEC in 1973, although it continued to be a contracting party to the General Agreement on Tariffs and Trade (GATT), the EEC assumed responsibility to speak on the U.K.'s behalf for trade policy matters.

Prior to engaging in any multilateral or bilateral trade negotiations, the EEC must first obtain agreement from member states on a negotiating mandate. Within the EEC, the objective is removal of all trade barriers, but as there are still non-tariff barriers, this goal has not yet been achieved. Tariff levels applying to Canadian exports to the U.K. are those of the Common External Tariff established by the EEC.

In effect, Canadian products now enter Britain at the same rates as those applied to products from the United States, Japan and Australia. In contrast, products from members of the Common Market enter the United Kingdom free of duty. Industrial products from other European countries benefit from duty-free entry into the U.K. where those countries have agreements with the European Economic Community.

In addition, there are a range of products which enter the United Kingdom from less developed countries under the general preferential scheme for such countries, or through the latter's membership in the Lomé Convention.

British import duties are for the most part assessed on an ad valorem basis that includes freight, insurance, commission and all other charges to the port or place of importation. The invoice price if negotiated under open market conditions is usually accepted as the normal price for establishing dutiable value. Duties are payable in British currency at the rate of exchange prevailing at the time the goods are entered for British consumption.

Despite the loss of preferential access, many Canadian products remain competitive in the United Kingdom. In 1981, for example, Canadian exports to the

United Kingdom reached an all-time high of \$3.4 billion, up from the \$1.3 billion exported in 1972, the year prior to Britain's entry into the Common Market. The decline in Canadian exports in 1982 and 1983 was attributable mainly to depressed economic conditions rather than to market access conditions.

Membership in the Common Market has resulted in the reorientation of the United Kingdom's trade relations. In 1973, for example, Britain's two-way trade with the other nine EEC countries represented 33 per cent of its entire trade. While the absolute values of both imports and exports have risen significantly over the above period, Britain's imports from the other members of the Community have risen from 25 per cent to 40 per cent of U.K. total imports, whereas exports to the EEC have remained essentially unchanged at 40 per cent.

The U.K. has traditionally been a strong supporter of the open, liberal multilateral trading system. However, during the recent recession and emerging recovery, there have been strong protectionist pressures particularly from declining industry sectors that are facing a period of severe structural adjustment.

Some restrictions of a non-tariff nature are still specific to the U.K. These concern primarily animal and plant health regulations and certain quantitative controls, mainly affecting textiles from low-cost supplying countries. Informal international industry-to-industry restraints, as distinct from Community action at the government level, are also in effect against such items as Japanese automobiles. Exporters when confronted with various national standards and approval boards, especially in the electrical and electronics field, as well as health and safety regulations, often experience difficulty competing with domestic U.K. suppliers.

The U.K.'s balance of trade has been in surplus since 1980 but moved into deficit in 1983. The strengthening surplus on invisibles, and the important boost from North Sea oil exports have, to a large degree, compensated for the reduced volume of manufactured exports. Imports of passenger cars, capital goods and chemicals are up sharply, reflecting the improving economic conditions. An annual increase of 5 per cent in exports to 1985 is anticipated, while imports are expected to grow at the rate of 4 per cent over the same period.

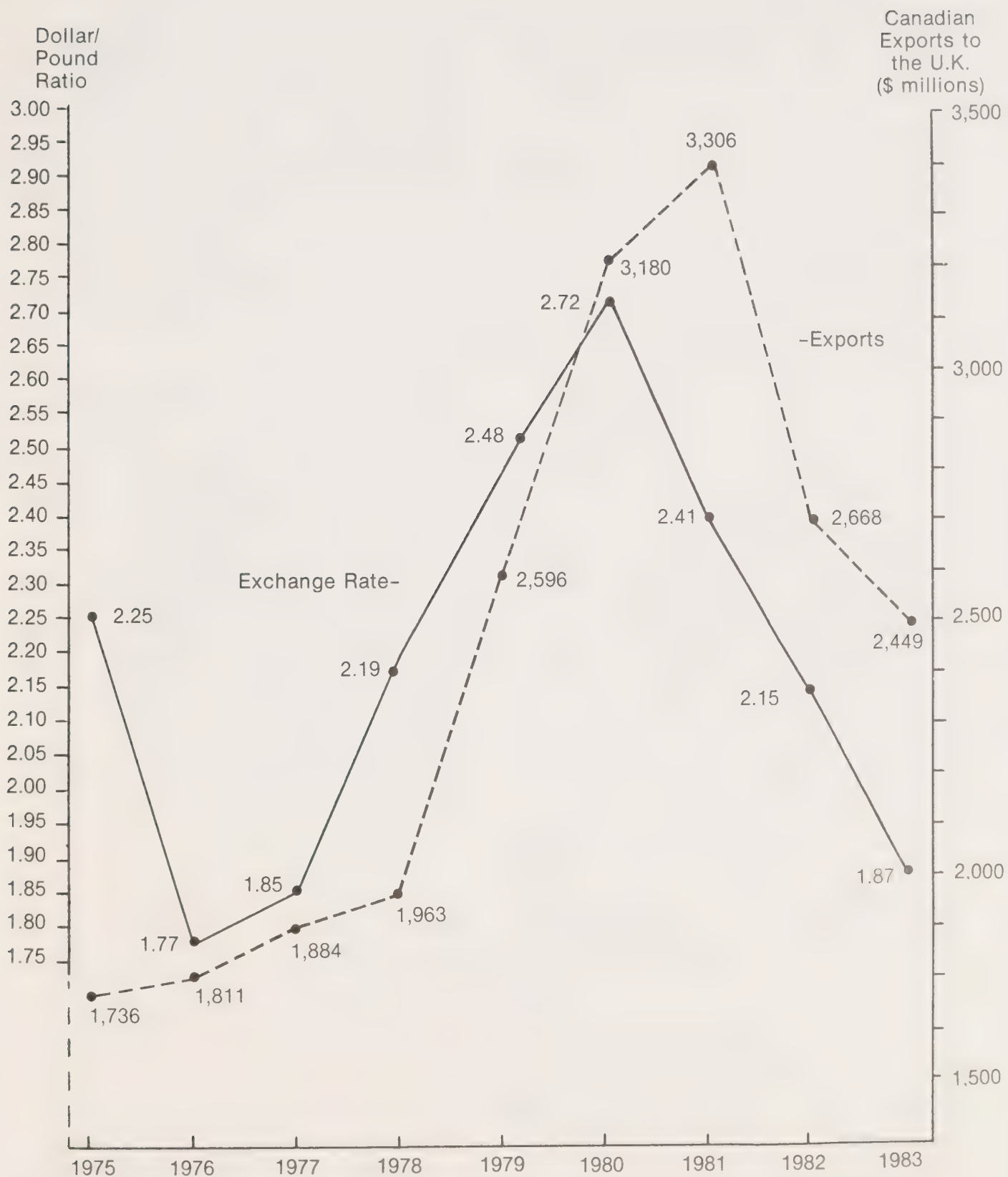
### **4. Foreign Investment Policy**

Britain abolished foreign exchange controls during 1979 and British residents are free to acquire foreign exchange for direct and portfolio investment abroad. In general, the government welcomes both inward and outward investment (1981 — U.K. overseas investment, excluding oil companies was £9 billion; foreign investment in the U.K. was £3 billion).

Foreign companies investing in the U.K. are subject to the same restrictions that apply to domestically owned companies. However, the government retains the right to block the take-over of any company considered important to the national economy or security.



Chart III:  
Canada - U.K. Exchange Rates (1975-1983)



Government incentives are offered for projects in the manufacturing industry that are in the national interest and lead to improvements in productivity or to the development of new products.

Foreign companies that already have a significant export market in the U.K. are encouraged to establish local production facilities. The recent announcement by NISSAN to build an automobile assembly plant is an example of this policy.

## 5. Government Procurement

The British government has implemented the Government Procurement Codes negotiated under the Multilateral Trade Negotiations. The Codes provide that: (a) countries will not discriminate in their government purchases against goods produced abroad when such purchases exceed U.S. \$200,000; (b) countries must openly publish invitations to bid, supply all documentation necessary to bid and apply the same purchasing criteria to foreign and domestic firms; (c) countries must provide full information and explanations at every stage of the procurement process. This agreement does not apply to "services", except those incidental to the purchase of goods.

## CHARACTERISTICS OF BILATERAL TRADE

### 1. Trends in Canada-U.K. Trade

For the past two decades, Canada-U.K. trade has shown a relatively stable growth pattern. In 1981, total trade reached a peak of over \$5.5 billion (Canadian exports \$3.3 billion, imports \$2.2 billion). However, in 1982 and the first half of 1983, the value of our bilateral trade dropped substantially as a result of the recession and subsequent slow recovery in the U.K. economy. This downward trend was arrested during the second half of 1983 and, although total trade in 1983 (\$4.3 billion) was still below 1982 (\$4.6 billion), indications are that a return to steady growth in 1984 may be expected.

As Chart III (page 39) on exchange rates indicates, since 1980 the Canadian dollar has appreciated approximately 31 per cent in relation to the pound sterling.

The percentage of fully manufactured goods in Canada's exports to the U.K. grew from 10.5 per cent in 1980 through 14 per cent in 1981, to 15.5 per cent in 1982 before slipping in 1983 to 13.6 per cent.

The major decrease in the value of Canadian exports in 1982 and 1983 was related mainly to resource products. However, with the exception of nickel, sales of which dropped by close to 50 per cent, and asbestos, there were only modest decreases in volumes of resource products exported. This is true of softwood lumber, softwood plywood, woodpulp, newsprint and most metals and minerals. The lower trade figures have therefore largely resulted not from volume reductions but from depressed prices.

Sales of agricultural products have shown a significant growth from 1976, reaching record levels in 1981. Despite the severe drop in 1982 and 1983, the total was still appreciably higher than in the years prior to 1980. Although figures for wheat show declines in tonnages, contracts for future delivery indicate a return to higher volumes. Low wheat prices throughout 1983 further depressed results. Sales of prepared fruit and vegetables have suffered due to the high dollar/sterling exchange rate. Meat, fish and fish product exports are strengthening again while feeds, seeds and other cereal and grain products maintained their markets throughout the difficult 1982-83 period. (*See Appendix B for further details on the performance of selected Canadian exports.*)

The U.K. as well as being Canada's third largest foreign market is also Canada's second largest market for end products. In 1980, fully manufactured goods accounted for \$390 million or 10.5 per cent of Canada's exports to the U.K. By 1983, manufactured exports had reached \$334 million or 13.6 per cent of total exports.

In 1983, exports of fully manufactured goods showed substantial increases for power generating equipment, special industry machinery and industrial machinery. In particular, there were increases recorded for: laboratory and measuring equipment, navigational equipment, telecommunications equipment, aircraft engines and parts, motor vehicle parts, heating and refrigeration equipment.

Resource products such as forestry, metals and foodstuffs will continue to comprise the bulk of our exports to this market. The volume of exports of these items should increase as economic recovery proceeds and hopefully there will also be a recovery from the depressed prices of the past two years.

Canada traditionally has a substantial trade surplus with the U.K., however, the nature of each country's shipments is quite different. British exports to Canada in 1983 were \$1.9 billion and were concentrated in the fully manufactured categories such as industrial machinery, chemicals and transportation equipment. (*See Appendix C for a breakdown of Canadian imports from the U.K.*)

### 2. Investment Relations

The U.K. is Canada's second largest source of foreign direct investment after the United States.

At the end of 1979 and 1980 (the last years for which comparable information is available), total direct investment by U.K. firms in Canada amounted to \$5,168 million and \$5,333 million respectively, representing 8.7 per cent of total direct investment in Canada.

Traditionally, British investment has been directed into the development of Canada's resource base. Much attention is now focused on the Canadian oil and gas sectors. More recently, British investment has been attracted to secondary manufacturing and service industries, often with the idea of establishing a North American base. The unrestricted freedom to

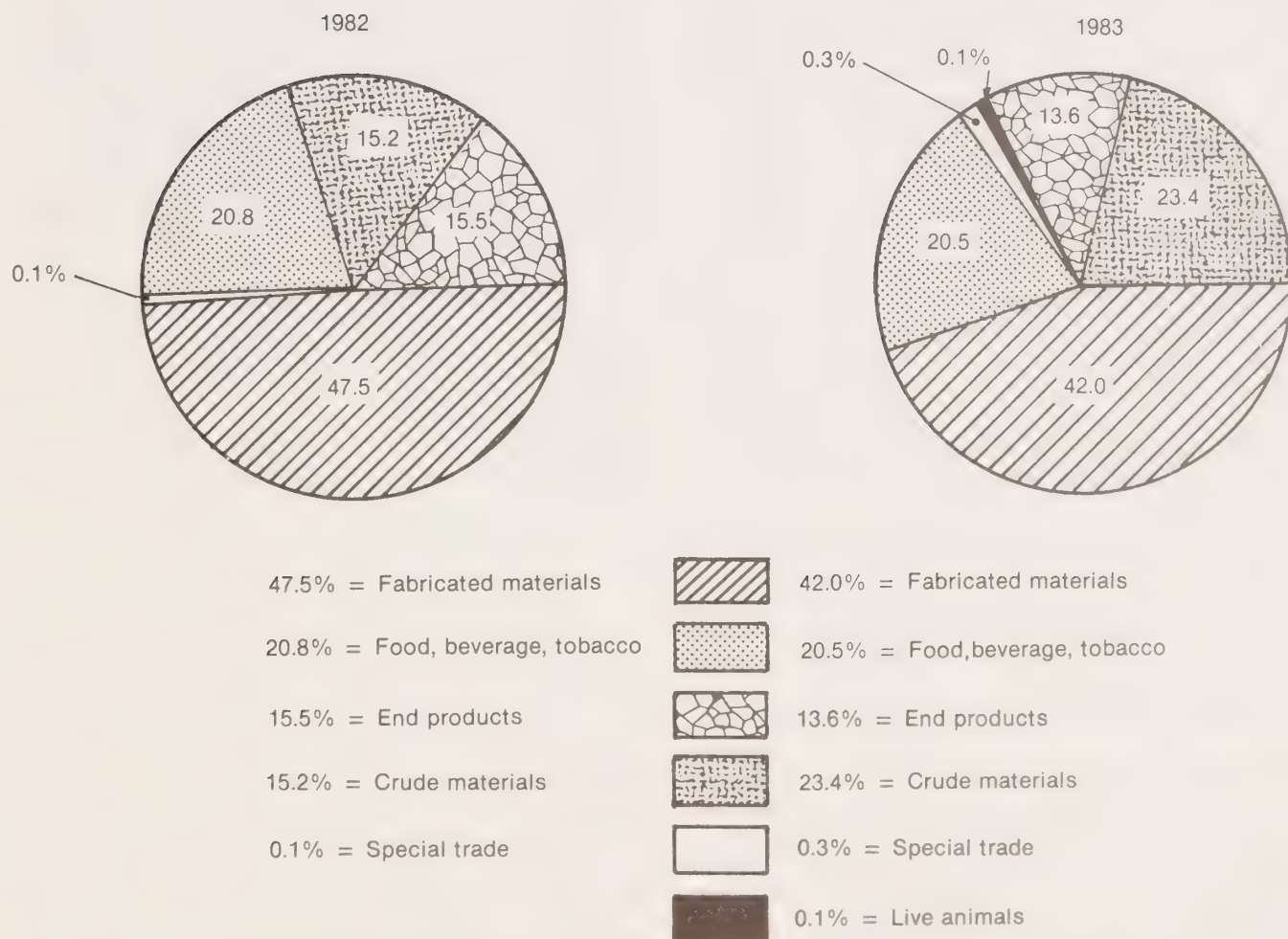


**Table 15**  
**Canadian Exports to the United Kingdom, 1982-83**

	(\$000)	
	1982	1983
Live animals	305	2,954
Food, beverage, tobacco	555,776	501,376
Crude materials	405,496	572,048
Fabricated materials	1,266,166	1,029,615
End products	413,566	334,076
Special trade	26,645	8,728
	<b>2,667,954</b>	<b>2,448,797</b>

Source: Statistics Canada

**Canadian Exports to the United Kingdom, 1982-83**  
(Percentages)



Source: Statistics Canada

move capital into and out of the U.K. has enabled U.K. entrepreneurs to broaden their investment options. Canada is identified as a good place to do business. Some British companies now active in Canada are Hawker Siddeley, Marks & Spencer, Cadbury Schweppes, Shell Oil, Rothmans, Boots, National Westminster Bank, Royal Insurance and Reed Stenhouse.

Total Canadian direct investment in the United Kingdom at the end of 1979 and 1980 amounted to \$2,082 and \$2,405 million respectively, representing 9.3 per cent of Canadian direct investment abroad. Canadian investors have been drawn to London's importance as a world financial marketplace, and the need to establish a presence in this centre. Additionally, the massive offshore oil and gas industry has attracted Canadian participants. The electronics sector, and other high technology advances taking place in the U.K. have offered new opportunities for joint ventures and Canadian subsidiary operations in the U.K. market.

British consumers are becoming accustomed to such Canadian names as Northern Telecom, Mitel, George Weston Ltd., Massey Ferguson, Thompson Newspapers, Bow Valley Industries Ltd., and Ranger Oil. In addition, financial institutions such as Sun Life, Canada Life, Crown Life and many of Canada's banks and trust companies are well established in the U.K.

### 3. Double Taxation Treaty

A Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains was signed by Canada and the United Kingdom in 1978.

The text of the Convention was patterned on the Double Taxation Convention prepared by the Organization for Economic Co-operation and Development.

In the case of dividends, branch profits and interest paid to non-residents, a general rate of withholding tax of 15 per cent would apply and in the case of royalties, a general rate of 10 per cent. The Convention also provided for a limited number of exceptions in the case of dividends, interest and royalties.

In 1980, a Protocol amending the 1978 Tax Treaty was signed dealing with the taxation of offshore resource activities.

## TRADE DEVELOPMENT INSTRUMENTS

### 1. Trade Promotion

Canada maintains a Commercial Division in the London High Commission (the "Post") and in the Consulate General in Glasgow. In addition, several of the provinces maintain Agents General and other trade/commercial officers in London (Alberta, British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan). The High Commission assists all Canadian exporters and encourages investment in all regions of Canada. The provincial offices primarily assist exporters from their own provinces. The latter also

act as a focal point for their province on investment/industrial development/joint venture/technology transfer/licensing enquiries from British companies.

Various forms of financial support are available from both federal and provincial sources. In particular, the federal Program for Export Market Development (PEMD) is a facility for Canadian exporters to explore markets with some financial assistance. (*A brief overview of PEMD is provided in Appendix F, as is a table in Appendix D depicting approved PEMD projects for the U.K., by industry sector, since the 1980-81 fiscal year. More information about PEMD, or of complementary provincial programs, can be obtained by contacting those regional or provincial offices listed in Appendix H of this export market report.*)

### 2. Trade Fairs and Missions

Attendance at British/European trade fairs is an important way of promoting products and services. In the U.K., most trade fairs enjoy international attendance and give Canadian exporters the opportunity to investigate other country market opportunities. The Department of External Affairs (DEA) provides support to Canadian companies (under its Promotional Projects Program and also under PEMD) to participate in international trade fairs. Its objective (assistance is co-ordinated by the Western Europe I Trade Development Division of DEA) is to assist Canadian companies make direct sales at the fair sites, to establish agents or representatives and to initiate contacts with potential clients throughout the world. (*Brief information about the Promotional Projects Program is found in Appendix G.*)

On the other hand, exporters are encouraged to look at a broader picture and participate in other "vertical" (i.e. product-specific) trade fairs in the U.K. and on the European Continent. Assistance can be available under PEMD.

Some typical trade fairs in the U.K., in which consideration is given for participation by Canadian exporters, are:



Fair	Frequency	Timing	Location
Compec (computers)	Annual	Nov.	London
Communications	Annual	May	Birmingham
International Food and Drink	Annual	Feb.	London
Spring Fair	Annual	Feb.	Birmingham
Ipex (printing equipment)	Quadriennial	Sept.	Birmingham
Royal Agricultural Show	Annual	July	Kenilworth
Royal Highland Show	Annual	June	Glasgow
International Air Display and Exhibition	Biennial	Sept.	Farnborough (London)
Interplas (plastics machinery)	Triennial	Sept.	Birmingham
Oceanology International	Biennial	March	Brighton
Offshore Europe	Biennial	Sept.	Aberdeen
Hotelympia	Biennial	Jan.	London
Interbuild	Biennial	Jan.	Birmingham
Interclean	Biennial	May	London
Pakex (packaging machinery)	Triennial	May	Birmingham

### 3. Private Sector Associations

Representing the private sector, a Canada-United Kingdom Committee was re-established in 1973 as a joint co-operative effort by the Canadian Chamber of Commerce and the Canada-United Kingdom Chamber of Commerce to operate a business liaison between the two countries. The Committee meets once each year alternately in Canada and Britain; the 1983 meeting was held in May in London, the 1984 meeting was held in Calgary in June.

Agenda topics deal with issues of current interest and concern to both groups. Bilateral issues predominate, but attention is also given to issues relating to

the EEC. Over the time it has been meeting, the recommendations of the Committee have influenced government and business policies in the areas of trade and investment, and have contributed generally to improving the level of understanding and co-operation between business people of both countries.

### 4. Export Financing

The Export Development Corporation (EDC) has established short-term lines of credit (LOCs) with British financial institutions. Canadian exporters are encouraged to seek details on the sectors covered by the LOCs from EDC.

## IV. APPENDICES

### APPENDIX A United Kingdom Fact Sheet

Area: 244,000 km<sup>2</sup>

Density: 229/km<sup>2</sup>

Population: (1981)	55.7 million
England	46.2 million
Scotland	5.1 million
Wales	2.8 million
Northern Ireland	1.5 million

Language: English (Celtic languages are also spoken in some areas)

Capital: London

Urban areas/major cities:	Greater London	population 7.0 million
	West Midlands (Birmingham)	2.3 million
	West Yorkshire (Leeds)	1.7 million
	Southeast Lancashire (Manchester)	2.4 million
	Merseyside (Liverpool)	1.1 million
	Lyneside (Newcastle)	0.8 million
	Central Clydeside (Glasgow)	1.7 million

Gross national product (GNP): (1982) £270,657 million

Monetary unit: Pound sterling (£)

Exchange rate: (1983) \$1.00 Cdn. =	£0.5355
£1.00 =	\$1.8674

Weights and measures: Both imperial and metric systems are in use

### APPENDIX B Selected Canadian Exports to the United Kingdom 1982-83\*

	\$ millions		Increase/ Decrease (%)
	1982	1983	
Live Animals	No individual items over \$10M		
Food, Beverage, Tobacco			
Red Spring wheat	268.1	236.3	- 31.8
Salmon, sockeye, canned	27.7	44.3	16.6
Tobacco, bright flue-cured	50.9	38.0	- 12.9
Pelleted screenings	21.5	19.5	- 2.0
Salmon, pink, canned	8.7	15.5	6.8
White pea beans	14.0	13.4	- 0.6
Cod blocks slabs	6.0	12.5	6.5
Cheese, cheddar	15.2	12.3	- 2.9
Fancy meats, bovine	10.8	7.9	- 2.9
Apples	10.1	7.0	- 3.1



**APPENDIX B (continued)**

	\$ millions		Increase/ Decrease (%)
	1982	1983	
<b>Crude Materials</b>			
Iron ore, agglomerated	110.0	180.0	70.0
Nickel in ores	50.9	116.7	65.8
Platinum metal in ores	52.6	55.6	3.2
Iron ore, concentrated	50.5	41.3	- 9.2
Radioactive ores	11.7	37.2	25.5
Scrap or precious metals	10.8	33.5	22.7
Molybdenum in ores	21.2	24.4	3.2
Asbestos, milled fibres gr 4&5	18.8	17.6	- 1.2
Flaxseed	5.6	11.7	6.1
Zinc in ores	20.3	8.5	- 11.8
<b>Fabricated Materials</b>			
Newsprint paper	350.3	274.1	- 76.2
Lumber, spruce, pine, fir	101.3	104.2	2.9
Copper, refinery shapes	132.7	91.7	- 41.0
Wood pulp kraft paper soft	95.0	75.8	- 19.2
Lumber, w. hemlock and amabilis	47.7	59.9	12.2
Chemical elements	56.8	55.4	- 1.4
Plywood, Douglas fir	22.2	29.6	7.4
Plywood, softwood	22.2	28.2	6.0
Xylol or xylene	11.9	25.4	13.5
Zinc blocs	42.7	23.5	- 19.2
Liner board	16.9	21.7	4.8
Wrap paper, unbleached	18.0	16.2	- 1.8
Wood pulp, kraft paper hard	16.5	13.8	- 2.7
Lead pigs	23.3	12.7	- 10.6
Polyethylene resins	14.0	11.9	- 2.1
Wood pulp, sulphate semi bleached	12.4	10.6	- 1.8
Woodpulp bleached, sulphite paper	12.3	6.4	- 6.9
Broadwoven fabrics, mixed fibres	12.5	5.8	- 6.7
Gold	17.0	1.2	- 15.8
Sheet and strip carb steel	20.3	0.4	- 19.9
Fuel oil, heavy #4-6	34.2	0.0	- 34.2
<b>End Products</b>			
Card punch sort tab computers	22.6	33.2	10.6
Aircraft engines and parts	21.0	33.3	9.9
Telephone apparatus equipment	12.4	23.8	16.6
Radio receiving sets	23.6	11.4	- 12.2
Commercial telecom equipment	11.7	9.4	- 2.3
Machine tools, metalwork	22.3	0.7	- 22.4
Aircraft, complete with engines	10.9	0.8	- 10.0
Gold coin	39.5	0.8	- 38.6
Aircraft assemblies equipment	15.2	15.2	0.0
<b>Special Trade</b>			
No individual items over \$10M			

Source: Statistics Canada.

\* This table contains only those commodities whose exports in either 1982 or 1983 exceeded \$10 million

**APPENDIX C**  
**Canadian Imports from the United Kingdom**  
**1982-83**

	\$000		Increase/ Decrease
	1982	1983	
<b>Food, Beverage, Tobacco</b>			
Tea, black in tea bags	17,252	21,626	4,374
Whiskey	38,718	35,533	− 3,185
Chocolate confectionery	11,436	9,240	− 2,196
<b>Crude Materials</b>			
Crude petroleum and condens.	335,090	200,012	− 135,078
Glove and garment leather	6,145	10,115	3,970
<b>Fabricated Materials</b>			
Wall paper, printed	8,644	13,414	4,770
Woolen fabrics all wool 9 oz. less	6,922	6,035	− 887
Nibrile function compounds	2,593	10,849	8,256
Heterocyclic compounds	15,574	12,902	− 2,672
Herbicides	18,237	16,262	− 1,975
Gold	346	10,497	10,151
Silver	64,287	51	64,236
<b>End Products</b>			
Diesel and semi diesel engines	19,337	16,568	− 2,769
Gas turbines and parts	30,229	34,452	4,223
Wheel tractors	16,097	26,466	10,369
Cars 85 to 100 cu. ft.	5,096	13,514	8,418
Ships and boats	9,000	132,550	123,550
Parts of aircraft engines	41,299	24,927	− 16,372
Aircraft assemblies equipment	13,028	13,545	517
Electronic computers	13,396	16,865	3,469
Tableware, ceramic	37,848	38,070	222
Books and pamphlets	18,720	22,534	3,814
Antiques over 50 years old	11,947	12,516	569
TOTAL	1,900,533	1,809,806	− 90,727

Source: Statistics Canada.



**APPENDIX D**  
**Approved PEMD Projects for the United Kingdom**  
**by Industry Sector 1980-81 to 1983-84\***

	FY 1983-84**		FY 1982-83		FY 1981-82		FY 1980-81	
	No.	\$000	No.	\$000	No.	\$000	No.	\$000
Agriculture	8	55	5	18	7	24	8	17
Fishing/trapping	0	0	1	11	1	2	1	40
Mining	1	1	0	0	—	—	—	—
Manufacturing	119	482	138	1,339	146	577	129	756
Construction	3	13	5	14	7	36	4	53
Wholesale trade	10	32	17	86	1	3	—	—
Retail trade	3	14	6	219	2	18	31	82
Business services	22	141	23	113	17	63	14	32
Health and social	0	0	1	3	9	33	1	7
Other service industries	7	32	8	40	9	49	7	16
Unspecified	—	—	—	—	17	184	17	123
Transportation	—	—	—	—	2	23	0	0
Government services	—	—	—	—	1	2	0	0
Forestry	—	—	—	—	—	—	2	56
Educational services	—	—	—	—	—	—	1	1
<b>TOTAL</b>	<b>173</b>	<b>774</b>	<b>204</b>	<b>1,843</b>	<b>219</b>	<b>1,014</b>	<b>215</b>	<b>1,183</b>

Source: PEMD Program Statistics, February 1984.

\* 1983-84 figures available for 1 April 83 – 31 Dec. 83 (9 mos.) only.

\*\* The fiscal year (FY) for PEMD purposes is 1 April – 31 March.

**APPENDIX E**  
**Canada's Minerals and Non-Ferrous Metals Exports to the United Kingdom**  
**1981-82**

	\$000	
	1981	1982
<b>Non-ferrous Metals</b>		
Aluminum in ore, concentrates, scrap and primary metal	1,563	1,599
Copper in ore, concentrates, scrap and primary metal	157,524	132,898
Gold in ore, concentrated and primary metal	125,016	23,236
Lead in ore, concentrates, scrap and primary metal	37,294	23,826
Magnesium primary metal	4,807	2,392
Molybdenum in ores, concentrates and scrap	43,752	21,216
Nickel in ore, concentrates and matte	168,034	50,942
Platinum metals in ore, concentrates, scrap and primary metal	111,769	53,443
Precious metals in scrap and primary metal	33,901	10,848
Silver in ore, concentrates and primary metal	2,657	2,186
Zinc in ore, concentrates, scrap and primary metal	45,568	67,678
Metal in ore, concentrates, scrap and primary metal	5,054	4,291
	<b>736,549</b>	<b>394,555</b>
<b>Non-metallic Mineral</b>		
Abrasives, crude and products	3,152	6,952
Asbestos, asbestos-cement building material	529	819
Asbestos, cloth dryer felts, sheets	485	505
Nepheline syenite	175	256
Peat moss	260	1
Refractories	293	428
Non-metallic minerals, crude and basic product	467	559
	<b>5,361</b>	<b>9,520</b>
<b>TOTAL (Metals and Minerals)</b>	<b>741,910</b>	<b>404,075</b>

Source: Statistics Canada

## **APPENDIX F PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)**

PEMD helps incorporated Canadian businesses to develop, increase and sustain their activities by sharing with them the costs of specific export marketing efforts. It is geared to:

- encourage businesses that have not exported previously to begin exporting; and
- encourage established exporters to expand their activities in new markets.

PEMD provides up to 50 per cent of the costs incurred by a company in its penetration of new markets. These contributions are repayable if sales are made to that market.

The Program has various sections, each designed to meet a specific circumstance which may result while developing or expanding new or existing export markets.

Section A:	Specific Project Bidding
Section B:	Market Identification
Section C:	Participation in Trade Fairs Abroad
Section D:	Incoming Foreign Buyers
Section E:	Export Consortia
Section F:	Sustained Export Market Development
PEMD FOOD:	Export Markets for Agriculture, Fisheries and Food Products
PEMD FISH:	Export Markets for Atlantic Groundfish and Herring

Contact the nearest DRIE Office for more details on PEMD. (*See Appendix H for addresses*)

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## **APPENDIX G PROMOTIONAL PROJECTS PROGRAM (PPP)**

PPP is a vehicle through which the federal government plans and implements exhibits and trade fairs abroad, outgoing and incoming trade missions, and incoming trade visits by foreign buyers and government delegations.

The Program underwrites some of the cost to industry of participating in promotional events that are organized by the Department of External Affairs. These events are designed to increase the knowledge of foreign buyers about Canadian products and capability and to undertake export market intelligence gathering operations.

For further information on the PPP for the United Kingdom contact the Western Europe I Trade Development Division (*see Appendix H*).

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## **APPENDIX H USEFUL CONTACTS**

### **CANADIAN GOVERNMENT**

#### **DEPARTMENT OF EXTERNAL AFFAIRS**

Mailing Address: L.B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
(Telex: 05 33 745; Answerback EXTERNAL OTT)

***For information on general trade development  
for the U.K. including trade fairs and missions:***

#### **Western Europe I**

#### **Trade Development Division, Europe Branch (RCT)**

Trade Development — Tel. (613) 995-9401  
Trade Fairs and Missions — Tel. (613) 996-5555



***For information on U.K. tariff matters:***

**European Community Relations Division, Europe Branch (RCM)**

Tel.: (613) 993-5584

***To obtain quick information on export support services and programs (federal):***

**Trade Information Centre**

(Toll free) 1-800-267-8376

**London**

Commercial Division  
Canadian High Commission  
One Grosvenor Square  
London, W1X 0AB, England  
Cable: DOMINION LONDON  
Phone: (01) 629-9492  
Telex (Destination Code 51) 261592  
(CDA LDN G)  
Territory: England, Wales, Gibraltar

**Glasgow**

Canadian Consulate General  
Ashley House  
195 West George Street  
Glasgow, G22H5, Scotland  
Cable: CANTRACOM GLASGOW  
Phone: (041) 248-3026  
Telex: (Destination Code 77) 778650  
(CDA GLW G)  
Territory: Northern Ireland, Scotland

**DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION (DRIE)**

Mailing Address: (Industry Sector Branch)  
Department of Regional Industrial Expansion  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5  
(Telex: 05 34 123)

**Regional Offices**

If you have not previously marketed abroad, or if you wish to apply for assistance under PEMD, contact any regional trade officer of the DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION at the addresses listed below:

**Alberta**

Cornerpoint Building  
Suite 505  
10179 - 105th Street  
Edmonton, Alberta  
T5J 3S3  
Tel.: (403) 420-2944  
Telex: 037-2762

**British Columbia**

Bentall Centre, Tower IV, Suite 1101  
1055 Dunsmuir Street  
P.O. Box 49178  
Vancouver, British Columbia  
V7X 1K8  
Tel.: (604) 661-1434  
Telex: 04-51191

**Manitoba**

3 Lakeview Square  
4th Floor  
185 Carlton Street  
P.O. Box 981  
Winnipeg, Manitoba  
R3C 2V2  
Tel.: (204) 949-4090  
Telex: 07-57624

**New Brunswick**

590 Brunswick Street  
P.O. Box 578  
Fredericton, New Brunswick  
E3B 5A6  
Tel. (506) 452-3190  
Telex: 014-46140

**Newfoundland and Labrador**

Parsons Building  
90 O'Leary Avenue  
P.O. Box 8950  
St. John's, Newfoundland  
A1B 3R9  
Tel.: (709) 772-4484  
Telex: 016-4749

**Nova Scotia**

1496 Lower Water Street  
P.O. Box 940, Postal Station "M"  
Halifax, Nova Scotia  
B3J 2V9  
Tel.: (902) 426-2018  
Telex: 019-22525

**Ontario**

1 First Canadian Place  
Suite 4840  
P.O. Box 98  
Toronto, Ontario  
M5X 1B1  
Tel.: (416) 365-3737  
Telex: 065-24378

**Québec**

Stock Exchange Tower  
800 Victoria Square  
P.O. Box 247  
Montréal, Québec  
H4Z 1E8  
Tel.: (514) 283-6779  
Telex: 055-60768

**Prince Edward Island**

Confederation Court  
134 Kent Street  
Suite 400  
P.O. Box 1115  
Charlottetown, Prince Edward Island  
C1A 7M8  
Tel.: (902) 566-7400  
Telex: 014-44129

**Saskatchewan, Yukon and Northwest Territories**

Bessborough Tower  
Suite 814  
601 Spadina Crescent East  
Saskatoon, Saskatchewan  
S7K 3G8  
Tel.: (306) 665-4400  
Telex: 074-2742

**PROVINCIAL GOVERNMENT CONTACTS IN CANADA**

For information on provincial programs and services:

**Alberta**

Trade Development Branch  
Department of Economic Development  
11th Floor, Pacific Plaza  
10909 Jasper Avenue  
Edmonton, Alberta  
T5J 3M8  
Telex: 037-2197

Market Development Branch  
Alberta Department of Agriculture  
3rd Floor, J.G. Donoghue Building  
Edmonton, Alberta  
T6H 5T6  
Telex: 037-2029

Travel Alberta  
14th Floor, Capitol Square  
10065 Jasper Avenue  
Edmonton, Alberta  
T5J 0H4  
Telex: 037-3651

**British Columbia**

Ministry of Industry and Small Business Development  
Suite 315, Robson Square  
800 Hornby Street,  
Vancouver, British Columbia  
V6Z 2C5  
Telex: 04-55469

**Manitoba**

Department of Industry, Trade and Technology  
Trade Branch  
5th Floor, 155 Carlton Street  
Winnipeg, Manitoba  
R3C 3H8  
Telex: 07-587833

**Newfoundland**

Department of Development  
Atlantic Place, Water Street  
P.O. Box 34750  
St. John's, Newfoundland  
A1C 5T7



**New Brunswick**

Marketing and Trade Services Division  
Department of Commerce and Development  
P.O. Box 6000  
Centennial Building, Room 513  
Fredericton, New Brunswick  
E3B 5H1  
Telex: 014-46100

**Nova Scotia**

Market Development Centre  
Department of Development  
5151 George Street  
P.O. Box 519  
Halifax, Nova Scotia  
B3J 2R7  
Telex: 019-22548

**Ontario**

Overseas Trade and Investment Division  
Ministry of Industry and Trade  
Hearst Block, Queen's Park  
Toronto, Ontario  
M7A 2E1  
Telex: 06-219786

**Prince Edward Island**

Market Development Centre  
First Street, P.O. Box 1510  
West Royalty Industrial Park  
Charlottetown, P.E.I.  
C1A 7N3

**Québec**

Direction générale de l'expansion des marchés  
Ministère du Commerce extérieur  
1 Place Ville-Marie, 23<sup>e</sup> étage  
Montréal (Québec)  
H3B 3M6  
Telex: 055-61760

**Saskatchewan**

Department of Economic Development and Trade  
2103-11th Avenue  
4th Floor  
Regina, Saskatchewan  
S4P 3V7

**PROVINCIAL GOVERNMENT OFFICES IN THE UNITED KINGDOM**

Province of Alberta  
1 Mount Street  
London W1Y 5AA, England  
Telex: 23461

Province of Québec  
59 Pall Mall  
London SW1Y 5JH, England  
Telex: 26 16 18

Province of Nova Scotia  
14 Pall Mall  
London SW1Y 5LV, England  
Telex: 915867

Province of British Columbia  
1 Regent Street  
London SW1Y 4NZ, England

Province of Ontario  
13 Charles II Street  
London SW1Y 4WS, England  
Telex: 262 517

Province of Saskatchewan  
21 Pall Mall  
London SW1Y 5LP, England  
Telex: 916349

### CANADIAN TRADE ASSOCIATIONS

Canadian Export Association  
Suite 250  
99 Bank Street  
Ottawa, Ontario  
K1P 6B9  
Tel: (613) 238-8888

Canada-U.K. Committee  
c/o International Division  
Canadian Chamber of Commerce  
200 Elgin Street, 3rd Floor  
Ottawa, Ontario  
K2P 2J7  
Tel: (613) 238-4000

Canadian Manufacturers' Association  
One Yonge Street  
14th Floor  
Toronto, Ontario  
M5E 1J9  
Tel: (416) 363-7261

Canada-U.K. Chamber of Commerce  
3 Lower Regent Street  
London SW1Y 4NZ, England  
Telex: 884539

### BRITISH OFFICES IN CANADA

British High Commission  
80 Elgin Street  
Ottawa, Ontario  
K1P 5K7  
Tel: (613) 237-1530

British Consulate General  
200 University Avenue  
Toronto, Ontario  
M5H 3E3  
Tel: (416) 593-1290

British Consulate General  
Suite 1404  
Three McCauley Plaza  
10025 Jasper Avenue  
Edmonton, Alberta  
T5J 1S6  
Tel: (403) 428-0375

British Consulate General  
10th Floor  
1645 Granville Street  
Halifax, Nova Scotia  
B3J 1X3  
Tel: (902) 422-7488

British Consulate General  
635 Dorchester Boulevard West  
Montréal, Québec  
H3B 1R6  
Tel: (514) 866-5863

British Consulate General  
407-602 Hastings Street West  
Vancouver, British Columbia  
V6B 1P6  
Tel: (604) 683-4421



## APPENDIX I USEFUL PUBLICATIONS FOR EXPORTERS

### Federal Government

External Affairs Canada: *European Economic Community — A Guide for Canadian Exporters*. A guide to doing business in the 10 EEC countries with reference to tariffs, documentation, taxes and industrial standards and regulations.

External Affairs Canada: *Profile of the Western European Market*. A compendium of fact sheets and statistics on 19 European countries.

External Affairs Canada: *So You Want to Export...* Information and tips to help Canadian firms enter new markets abroad.

External Affairs Canada: *Trade Promotion Support*. Outline of support under the Promotional Projects Program and the Program for Export Market Development.

### Ontario Government

Ministry of Industry and Trade, Ontario: *How to Do Business in Britain*. Useful background information and tips on visiting the U.K.

### Trade Associations

Canadian Export Association: *Export Roadmap*. A reference book outlining for exporters points of contact with the federal government and agencies in Ottawa and across Canada.

## APPENDIX J GLOSSARY OF ABBREVIATIONS

CEA	Canadian Export Association
DEA	Department of External Affairs
DRIE	Department of Regional Industrial Expansion
EDC	Export Development Corporation
EEC	Members of the European Economic Community include: Belgium-Luxembourg, Denmark, France, U.K., Federal Republic of Germany, Greece, Ireland, Italy and Netherlands
EFTA	Members of the European Free Trade Association include: Austria, Faroe Islands, Finland, Iceland, Norway, Portugal, Sweden and Switzerland
GATT	General Agreement on Tariffs and Trade
ISPO	International Sports Equipment Fair, Munich
LTA	Long Term Agreement (Fisheries)
OECD	Organization for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
PEMD	Program for Export Market Development
Post	Canadian High Commission, London, or Canadian Consulate General, Glasgow
SPOGA	International Trade Fair of Sports Goods, Camping Equipment and Garden Furniture, Cologne
TFC	Timber Frame Construction













Canada

(Publié également en français)







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